

NEWS SUMMARY

GENERAL  
British embassy staff leave

The British Embassy in Tehran said yesterday it was suspending operations after a week of demonstrations in protest at the detention of Iranian students in London.

The visa section had to be closed after seven diplomatic staff, with four dependents, left Tehran on Saturday. Four staff remain.

Two journalists, Mr. Tony Alloway, a Briton, and Mr. Ralph Joseph, a Pakistani, have been transferred to prison while questioning about alleged spying continues.

A letter from nine foreign envoys seeking the release of the U.S. hostages has been referred to a commission, which is to report to Parliament.

Fire survivors ill

Three survivors of the fire that killed 37 people in two London drinking clubs are seriously ill. Six others are "satisfactory."

Korea alert

South Korea put its forces on special alert after President Choi Kyu-Hah's resignation, expecting "provocation" from North Korea.

Violence spreads

Clashes between Hindus and minority Moslem communities continued in a dozen cities in at least five Indian states. More than 150 people have died in the past four days. Page 2

Attacked boy dies

One of two 11-year-old boys found severely injured on a Liverpool rubbish tip after a "senseless" attack has died. The other, Gary Miller, is desperately ill on a life support machine.

NF march arrests

The National Front went ahead with its march in Newcastle-on-Tyne with more than 200 Anti-Nazi League supporters led to a few arrests, but nobody was hurt.

Nuclear defiance

Iraq will not be deterred by "any force" from using nuclear energy, according to the ruling Revolution Command Council's secretary-general.

Refugees rescued

The British merchant ship *St. Andrews* picked up 205 Vietnamese refugees in a fishing boat about 300 miles off Saigon.

Brandt chosen

Former West German Chancellor Willy Brandt is the Social Democratic Party's candidate for North Rhine-Westphalia in the October 5 general election.

First anniversary

Keith Castle, Britain's longest surviving heart swap patient, celebrates the first anniversary of his transplant today.

'Mean' busmen

South Yorkshire bus officials have been criticised for "meanness" after refusing to waive a lost property rule for a 91-year-old widow's pension left on a bus. They deducted 10 per cent.

Briefly...

Israeli Government is to allow President Navon to accept President Sadat's invitation to visit Egypt. Page 2

Monte Hekma, one of Europe's most dangerous volcanoes, started erupting in Iceland.

Jean-Pierre Jabouille of France won the Austrian Grand Prix.

Winner of the £100,000 Premium Bond prize—number 7PP 811195—lives in Berkshire.

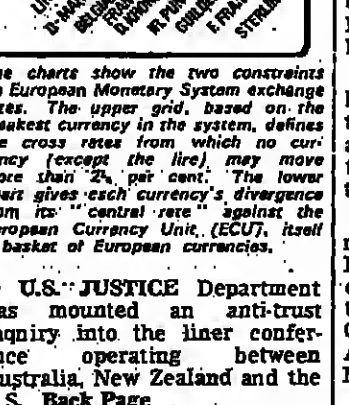
BUSINESS  
Reactor plan with France hits snag

COLLABORATION plans between Britain and France for developing a 1,500 MW commercial fast breeder reactor has run into trouble following a French call for a £20-£25m entry fee. Back Page

WEST GERMANY, which has tested the British-designed test and Prestel information service for two years, is considering switching to the rival French system. Back Page

FRENCH FRANC remained the most improved currency in the European Monetary System last week, with trading restricted by a holiday on Friday in many European centres. The Dutch guilder and the Irish punt were close behind the franc and the punt briefly touched the top during the week.

Further rumours of an imminent devaluation ensured the lowest position for the Italian lira, while the D-mark continued to weaken ahead of this week's Bundesbank meeting, where some change in key lending rates is seen as a possibility by certain money market and foreign exchange sectors.



U.S. JUSTICE Department has mounted an anti-trust inquiry into the liner conference operating between Australia, New Zealand and the U.S. Back Page

Electrical union backs merger

EXECUTIVE of the Electrical and Plumbing Trades Union has given approval for talks with the Boilermakers' union on a merger plan. Back Page

BRITISH STEEL will soon present to the Government proposals on stopping its severe financial losses, possibly involving more job losses. Back Page

TEXTILE workers must be given protection and greater reward for their labours if the Government is to retain credibility for its pay and employment policies, says the Low Pay Unit. Page 4

CONSUMER CONFIDENCE is beginning to rise in spite of the worsening economic recession, according to the latest Financial Times survey. The index has risen for the past three months and is highest since May, 1979. Page 4

STERLING M3, the broadly defined money supply, may rise by about 3 per cent in the next two months, a firm of stockbrokers estimates. Page 4

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Polish strikers pose political challenge to government

BY OUR FOREIGN STAFF

WORKERS on strike in Poland yesterday launched the most serious challenge to their Government since the 1970 strikes which led to the fall of Mr. Wladyslaw Gomulka, then Communist Party leader.

The authorities responded at the weekend with what appeared to be a veiled hint that force might be used to restore order. Leaders of the 30,000 workers on strike at 21 enterprises in and around the Baltic port of Gdansk issued a collective list of 16 demands which questioned the basis of bow modern Poland is run.

Despite the turn of events, Mr. Edward Giersek, who succeeded Mr. Gomulka as Party leader soon after the 1970 unrest, was expected last night to go ahead with a visit to West Germany tomorrow.

The workers' demands include freedom of speech and Press, release of political prisoners, the right to form free trade unions, and access to the mass media for all churches.

The strikers have formed a joint committee, the interfactory strike committee to press their demands, which have grown from the economic complaints which led to the start of the strike on Thursday. Details of the demands were released in Warsaw by the dissident self-defence committee, KOR.

Yesterday some 2,000 workers were occupying the Lenin shipyards. Visitors said that the plant was adorned with a photograph of the Pope, draped with

Meat prices

The Government set up a similar commission to get strikers back to work in the city of Lublin earlier this summer, shortly after the widespread strikes began over the higher meat prices.

There was no immediate response to establishment of the commission from the workers.

However, the State-controlled Gdansk Radio said that this would best work in "conditions of calm, work and matter-of-fact discussion."

The Polish Government is keen to give the impression that the situation remains under control.

Roger Boyes writes from Bonn: Both West German and

Thousands stranded as fishing dispute spreads

BY DAVID WHITE IN PARIS

THE FRENCH fishing dispute, which at the weekend came close to severing all Channel connections between France and Britain, is unlikely to be solved before tomorrow at the earliest.

Thousands of tourists risk being stranded for days unless the French Government decides again to use the French navy to try to free the 15 or so ports that have been blocked.

The conflict, which began last month, when talks between Boulogne trawlermen and their employers broke down, threatens to spread from the Channel coast to Brittany, the Atlantic coast and even the Mediterranean.

The trawlermen are resisting attempts to cut crew levels and pay in order to offset rising fuel costs.

However, services to and from Boulogne and Calais were running yesterday, but they were unable to take on extra passengers. The only ferry services south of the Belgian

border were to the Brittany ports of Roscoff and Saint Malo.

A strike in Brittany, the country's principal fishing region, would greatly increase the pressure on the Government, which has so far refused to become involved in the labour dispute.

At the weekend the fishermen's protest reached its peak, with all the ports of the north of France and Normandy blocked and all car and rail ferry services suspended.

Several thousand tourists, mostly Britons returning from their holidays, were stranded, sleeping in harbour buildings or setting up improvised camp sites.

The French authorities yesterday issued instructions for the reception of stranded travellers and accommodation where possible. In Dieppe a school was opened to house waiting tourists.

In the Mediterranean, fishermen at Sete have expressed their solidarity with the striking Boulogne trawlermen, and in Corsica a port blockade is threatened for today.

The question now is whether the French Government will risk exacerbating the situation by using force before conciliation talks scheduled for Tuesday.

Last week the French navy intervened twice in Le Havre. Navy vessels were sent from Cherbourg to break the blockade, cutting fishing boats' moorings. The boats re-formed their barrier at another point in the harbour. The navy tried to prevent a battle between the fishermen and an Irish ferry which broke through, but the fishermen succeeded in stopping the ferry from docking.

Mr. Joel Le Theule, Transport Minister, said in Le Havre at the weekend that the situation had become unacceptable but that navy intervention was not the only way of responding to the fishermen's claims.

LANDING OF HOPE AND GLORY

A MASSED charge by British holidaymakers rescued a cross-Channel ferry from a violent attack by angry French fishermen in the port of Cherbourg yesterday afternoon.

The fishermen sat on the ferry, the Townsend Thoresen *Free Enterprise II*, after it had successfully run the blockade of small fishing boats that have tried to seal off the inner harbour here for the past two days.

Captain Mike Edward, in an imitation Viking helmet, manœuvred the 4,000-ton ship into dock, to the sound of Land of Hope and Glory on the ship's speaker system.

The enraged fishermen attacked with lumps of granite, bottles, bricks, boat-hooks and flares. They were met with water from the ship's fire hoses.

After maintaining stiff upper lips for almost an hour, the 2,000 or so stranded British holidaymakers waiting on the quayside took matters into their own hands. They charged, and the fishermen fled in a hail of stones.

The holidaymakers then repaired the smashed electronic control box, allowing the ramp to be lowered, and fought off the fishing boats with sticks and stones. It was Captain Edward's second successful breach of the blockade in 24 hours. "He's a bold sailor," one of his crew remarked.

REGINALD DALE in Cherbourg

Howe seeks to attract savers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT is considering ways of raising more money directly from the large, and rapidly growing, personal savings market.

One idea under consideration is making the "granny bonds" scheme available to everyone. At present, only retired people can buy inflation-protected National Savings Certificates worth up to £1,200. One possibility is that both the money and the age limits may be removed or significantly relaxed. The scheme would remain separate from the present savings-for-earn index-linked plan.

Sir Geoffrey Howe, the Chancellor, has decided however against the introduction for the time being of index-linked gilt-edged stocks which would offer investors security against inflation.

The decisive voice against an experiment appears to have come from Mr. Gordon Richardson, the Governor of the Bank of England. The Bank has been particularly worried that if the UK was the only country to issue such index-linked stocks there would be a danger of a large inflow of money into London, especially from the oil-producing States. This could push up an already strong pound even further. An advantage of granny bonds is that they are not marketable and can be limited to UK residents.

The Bank and the Treasury are separately considering the possibility of re-launching the variable interest rate stock in a slightly different form from at present. The three issues made so far have not been a success, largely because the insurance against rising interest rates has taken the form of six-monthly payments based on the average discount rate for Treasury bills. A more attractive version might involve a more direct link to money, market interest rates.

The main issue under discussion at present is whether more

Ballots cash row faces TUC

By Christian Tyler, Labour Editor

THE STAGE has been set for a serious division in the TUC over the new Employment Act's provision of public money for secret trade union ballots.

Two of the biggest Right-winged unions, the Engineering Section of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union have declared themselves in favour of accepting the money to defray the cost of postal ballots, which both already use extensively for internal elections.

Now a small Left-wing TUC affiliate, the Bakers, Food and Allied Workers' Union, wants the TUC to expel any union "taking advantage of any section" of the Act.

The only part of the Act which gives unions this kind of choice is the first clause, making money available. The Government's idea is to encourage the emergence of moderate union leaders and to discourage strikes.

The Bakers' initiative, which had been expected to surface from one or more unions, is contained in the final agenda for debate at the annual Congress in Brighton in two weeks' time.

Discredit

Published today, the agenda includes an amendment to a motion opposing the Act from the small foundry section of the AUEW.

Before the Congress begins the TUC General Council, which has already decided by a large majority that unions should not accept the money, will have to decide whether to support this much more aggressive and possibly divisive tactic.

As the Bakers point out in their amendment, the tactic was used successfully before by the TUC to discredit the Conservatives' last major trade union change, the 1971 Industrial Relations Act.

Then, unions which refused to come off an essential statutory register were expelled. Some were out of the TUC for several years.

The difference between now and then is that whereas the register was a central feature of the 1971 Act, the first clause of the 1980 Act is not so fundamental.

Other amendments to the agenda suggest that debates on Press freedom and nuclear disarmament will be among the liveliest of the 112th Congress.

The National Union of Journalists has tabled an amendment

Continued on Back Page

World Bank concern for poor states

BY DAVID TONGE

PROSPECTS FOR economic growth in the 1980s have deteriorated and are now "a cause for deep concern," the World Bank warns in its third World Development Report, published today.

The bank believes the outlook for the developing world has worsened markedly, partly as a result of a sharp downward revision in its forecasts for the growth of the industrialised countries.

In his foreword to the report, Mr. Robert McNamara, President of the World Bank, points to the problems of low-income countries, and warns that in Africa, south of the Sahara, income per person may even fall during the 1980s.

He says there is a "real risk" that the domestic problems of the richer countries will cause them to give inadequate attention to the developing world.

Yet the report calls for increased aid and capital flow to the developing world.

Without these and the curbing of protectionism, growth will probably be at the bottom of a range of forecasts made by the bank.

For low-income developing countries, such as Bangladesh and Haiti, the bank forecasts growth could be between 3.5 and 4.4 per cent during the next decade, and for the middle-income countries, such as Brazil and the Philippines, between 4.4 and 5.3 per cent.

On average these figures are 1 per cent lower than last year's forecasts, while population in the Third World is growing at around 2.3 per cent per year. The worsened outlook is ascribed partly to the strong measures taken by industrialised countries to control inflation.

These countries are now expected to show only sluggish growth in 1980 and 1981, inevitably slowing their demand for developing countries' exports.

However, the report particularly stresses the impact of recent oil price increases. In 1980 the price of oil, in real terms, is likely to be at least 80 per cent higher than two years ago.

The current-account deficits of oil-importing developing countries are expected, at constant prices, to remain at about the level of \$61bn (£26.5m) expected this year.

But questions remain about the international financial system's ability to recycle sufficient funds to maintain economic growth rates, the bank writes.

Without these funds there is a serious chance of "levels of trade, investment and economic efficiency" lower than anyone would wish.

Even on the most optimistic of the bank's calculations, developing countries will by 1990 be using at least four-fifths of all fresh loans to service their existing debt.

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Foreign cars take 62% of market

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

FOREIGN CAR producers, led by the Japanese, took more than 62 per cent of new registrations in the UK in the first 10 days of this month, according to unofficial figures circulating in the industry, and as imports head for a record, Ford, too, has joined the UK car price-cutting war.

The further inroad by importers is particularly disappointing to BL Cars, which took less than 17 per cent of the market in the early part of the month—the period when its sales are traditionally strongest.

BL hopes price cuts introduced last week of up to £500 on most models will sustain sales.

Ford conceded last night that

a new incentive package offered to its dealers was a defensive reaction to the BL price initiative.

Ford's incentive scheme allows dealers to decide whether to offer price reductions, cheap finance or improved trade-in terms.

Market share is important in August, when sales are boosted by the introduction of the new registration suffix.

Registrations in the first 10 days were around 160,000, but for the month as a whole are not expected to reach the 215,000 of last August.

In the early period Ford sold less than 23 per cent, Vauxhall under 8 per cent and Talbot under 7 per cent.

GROW UP

Have you noticed that the more your business expands, the more your storage areas develop "Middle-Age Spread"? Which usually means you have to buy or rent extra storage space—no joke at today's enormous prices.

So grow up, instead. Talk to Lansing about narrow-aisle lift trucks—reach trucks and turret trucks.

They save you space by stacking goods much higher than ordinary trucks. And because they are narrow-aisle trucks, more of your existing storage areas can be used for storage, less for unproductive aisles.

Lansing will show you how. For the skilled materials handling professionals at your big local Lansing depot are there just to help you choose the right lift truck.

They'll also help you work out how much money the right Lansing truck will actually save you. And keep saving you.

So contact Lansing today. The information you need is free, at Lansing's 14 local depots throughout Britain.

Look in your local Yellow Pages for yours.

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## OVERSEAS NEWS

## Prominent Moslem Brother killed

By Our Damascus Correspondent

SYRIAN OFFICIALS are privately confident that they have delivered a major blow against the Muslim Brotherhood terrorists following the killing on Saturday of Mr. Hisham Jum'ah, the organisation's military leader. They believe the Brotherhood, which has staged violent attacks over the past year and a half, will be suppressed "in the foreseeable future."

Mr. Jum'ah was shot on Saturday with four other Brotherhood members in a garden in the suburbs of the central Syrian town of Homs. Large amounts of ammunition, weapons, and explosive devices were found.

The Muslim Brotherhood has attacked members and supporters of the regime of President Hafez Assad, which is dominated by members of the minority Alawite sect. Diplomats in Damascus said the last major operation by the Brotherhood was the attempted ambush three weeks ago of a bus carrying Russian military advisers. The bomb exploded after the advisers had left the bus.

Syrian newspapers yesterday carried pictures of 23 Muslim Brothers who had surrendered to the authorities in the previous 24 hours. President Assad issued a one-month amnesty decree to Muslim Brothers on July 7, which was extended on August 7 for a further 20 days.

## Payments made for Nigerian contracts

WASHINGTON—International Telephone and Telegraph Corporation is alleged to have made millions of dollars in questionable payments to gain telecommunications sales contracts in Nigeria, according to the Washington Post newspaper.

Mr. Howard J. Aibel, senior vice-president of ITT, yesterday denied that the company had made questionable payments.

## Concern grows as Polish unrest spreads to Romania

BY PAUL LENDVAY IN VIENNA

INDUSTRIAL UNREST is spreading from Poland to independent-minded Romania and the strikes are causing growing concern in official circles in neighbouring Hungary and Czechoslovakia.

Travellers arriving in Vienna reported on Saturday that about 3,000 workers at an industrial plant in the city of Turgoviste, about 50 miles north-west of Bucharest, the Romanian capital, recently staged a strike in protest against the chronic shortage of meat in the shops.

The stoppage lasted several hours and was followed by fresh deliveries of meat appearing in the shops the next day. Reports of sporadic protests and grumblings by embittered workers have also been officially confirmed.

President Nicolae Ceausescu, in a speech delivered at a recent conference on animal husbandry, sharply criticised the shortage of livestock, which has fallen short of targets by 1m head of cattle, 1.5m pigs and some 2m sheep. Supplies originally intended for the domestic market have had to be diverted into export to reduce the country's external debt, estimated at \$18.4bn (£8.2bn) at the end of last year.

Mr. Ceausescu has apparently cancelled a visit to Jordan which had been scheduled to begin today. According to Romanian reports, postponement is solely due to opposition by the Palestine Liberation Organisation (PLO) to the President's latest mediation attempts, discussed last week in Bucharest with Mr. Shu'ut Ghali, the Egyptian Minister for Foreign Affairs.

However, Western observers presume that Mr. Ceausescu may have felt his presence in Romania was necessary at a time of an acute crisis in Eastern Europe.

There are no signs of unrest in Czechoslovakia and Hungary, which were both victims of Soviet intervention in 1968 and 1956 respectively.

On the eve of the 12th anniversary of the invasion, the

Czech Communist Party praised the results of President Gustav Husak's recent Crimea meeting with Mr. Leonid Brezhnev, the Soviet leader, and pledged to do everything to strengthen the "bonds of fraternal co-operation and the unity and cohesion of the countries of the Socialist community."

However, without directly mentioning Poland, Rude Pravo, the party paper in Prague, yesterday attacked what it called the "slanders and lies" about the Communist States.

A leading Communist official said in Budapest last week that there was no question of Soviet interference in the details of internal policy nor did Hungary

wish to give advice to fraternal countries.

"For all our sympathy for Poland, severely hit also by floods, we refrain from any kind of comment because it is up to the Polish comrades to deal with a complicated situation."

Czech economists make only vague allusions to Poland when they stress the merits of financial restraint and the dangers of living on borrowed money.

The immediate danger of a Soviet military intervention in Poland is still discounted.

Leslie Collett adds from Berlin: Warsaw Pact armies plan their largest joint manoeuvres in ten years for the first half of September in East Germany.

They will run parallel with NATO military exercises.

They will involve 40,000 troops from all Pact countries except Romania, which refuses to allow other Pact armies to hold manoeuvres on its territory and will send only staff officers.

Under the final act of the 1975 Helsinki Agreement, signatories pledged to inform each other about "large" scale military exercises on their territory, which the Soviet Union, which has complied with on several occasions, Soviet officers have attended NATO manoeuvres in West Germany but NATO officers have not been invited to Warsaw Pact exercises.

Meanwhile, Senator Edward Kennedy, in interviews published yesterday, reinforced the impression that his backing for President Carter was very lukewarm. Senator Kennedy said that how much he campaigned for the Democratic nominee in the autumn will depend on the degree to which the President embraces the Senator's concerns about recession and unemployment.

The Senator said he would take as a test the Administration's new economic recovery plan, due to be announced in a few weeks. He also made clear that his own appetite for the presidency had been whetted by his unsuccessful campaign for the Democratic nomination this year, and that he might well try again in 1984.

The main purpose of Mr. Reagan's Los Angeles Press conference on Saturday was to publicise the departure yesterday of Mr. George Bush, his Vice-Presidential running mate, for Japan and China. The aim is to calm fears in Peking and Tokyo that Mr. Reagan, if elected, would reverse the new U.S. relationships in the Far East by re-establishing diplomatic ties with Taiwan.

Mr. Reagan said this was a misinterpretation of his position.

## Reagan scoffs at mad bomber image

By David Buchan in Washington

MR. RONALD REAGAN hit back over the weekend at last week's Democratic attempt "to portray me as a combination between Ebenezer Scrooge and the mad bomber."

The Republican contender for the White House said his candidacy seemed to be the only force uniting Democrats, but scoffed at the claim by President Jimmy Carter, who currently lags behind him in the opinion polls, that Mr. Reagan in the Oval Office would be a "threat to world peace."

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One minister in the northern state of Uttar Pradesh, the worst affected by the rioting, has alleged that there is evidence that the clashes were organised by another country which he did not name.

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## Cool Israeli response to Sadat's letter

BY DAVID LENNON IN TEL AVIV

THE PROSPECTS of halting the deterioration in relations between Egypt and Israel appear to be unaltered by the latest letter from President Sadat delivered to Mr. Meacham Begin, the Israeli Prime Minister, over the weekend. In it, the Egyptian leader called for a summit meeting, together with the U.S. President, as the only way out of the impasse in the negotiations on Palestinian autonomy.

There was some anger in the Cabinet yesterday over President Sadat's decision publicly to raise

the possibility of a new summit without having consulted first in private with Washington and Jerusalem. But Mr. Begin reportedly told his Cabinet colleagues that he was not opposed to a new summit meeting, if the Americans were to seek it.

A Cabinet sub-committee will today be asked to approve a draft reply being prepared by the Prime Minister. It is likely that Mr. Begin will once again reject the Egyptian criticism, while calling on the President

to renew the talks which he suspended in May.

Mr. Begin made one conciliatory gesture towards Egypt by rejecting suggestions by a number of ministers that he veto a visit of the Israeli President to Egypt because of the current tension in relations.

According to unofficial reports, Israel plans to present Washington this week with a request for \$2.9bn aid for the U.S. fiscal year October 1981 to September 1982. This would

include \$1.5bn in military aid.

Our Foreign Staff adds: President Sadat has accused Moslem countries, now assembling for a meeting in Morocco, of forcing Israel to annex East Jerusalem because of their barmine stance. In a letter to King Hassan of Morocco, parts of which have appeared in the Cairo Press, he says that disunity among Islamic states and terrorism in some of them have provoked a more belligerent attitude in Israel.

The authorities suspect that the clashes are the result of a well-coordinated plan to create inter-communal tension in the period following the fasting month of Ramadan which ended last week.

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## ANC 'not seeking bases inside Zimbabwe'

BY TONY HAWKINS IN SALISBURY

THE AFRICAN National Congress of South Africa is not seeking bases in Zimbabwe for guerrilla infiltration into South Africa, Mr. Oliver Tambo, its President, said in Salisbury.

Speaking after a meeting with Mr. Robert Mugabe, the Zimbabwe Prime Minister, Mr. Tambo said he had not come to ask for bases. The ANC believed that it must avoid doing anything that might jeopardise Zimbabwe's hard-won

independence, Mr. Tambo said. He admitted that his organisation would like to have the bases, but said this problem was being solved, though he would not say how. Mr. Tambo also said that whites who were leaving Zimbabwe to go to South Africa were jumping from the frying pan into a "raging inferno."

His comments follow an apparent hardening of the Zimbabwean attitude towards

South Africa. Dr. Nathan Shamuyarira, Minister of Information and Tourism, told Parliament on Friday that he wanted to see the tourist inflow from South Africa reduced to zero.

Meanwhile, General Peter Walls, who on Friday was threatened with possible prosecution or administrative action by the Zimbabwe Government for his alleged complicity in a military plot to prevent Mr.

Mugabe's party from taking power has strongly denied that there was any plan for a military coup.

The Walls affair has diverted attention in Zimbabwe from the case of Mr. Edgar Tekere, the Cabinet Minister who is currently being held in gaol pending trial for the alleged murder of a white farmer two weeks ago. Mr. Tekere is scheduled to make a second appeal to be released on bail today.

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Movés to abolish quotas rejected

## Australia to maintain textile curbs

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government has rejected proposals for significantly reducing the level of protection on textiles, footwear and clothing.

This follows a year's debate on the issue. The Industries Assistance Commission (IAC), which advises the Government on tariff policy, had recommended that quotas on these sensitive manufactured goods be abolished and that tariffs be gradually reduced over a five-year period starting in 1981.

The IAC draft report when it was published a year ago, drew protests from the sectors concerned. They predicted that factories would close and jobs would be lost if the domestic industry was subject to competition from low-wage countries, especially Australia's Asian neighbours.

The clothing, footwear and textile industries employ about 100,000 people directly and about 200,000 indirectly, representing about 20 per cent of the total manufacturing workforce.

Mr. Phillip Lynch, the Industries and Commerce Minister, and Mr. Vic Garland, the Business and Consumer Affairs Minister, announced the decision on Friday after the Cabinet had considered the issues.

The ministers said the Government was not prepared to accept the estimated job losses of 11,000 beyond the expected decline in employment in the industry of 19,000 by 1986 resulting from new technology. Australia's unemployment level is currently 5.8 per cent.

The main argument for reducing the tariffs was economic. As Australia proceeds into the 1980's resources boom it is argued that the expected capital

inflow and increased export earnings will cause distortions in the economy if imports are not allowed to grow along side.

Australia already has an annual trade surplus of A\$4bn (£1.8bn) some of which is attributed away by the cost of imported goods such as shipping and insurance.

The two ministers said Australia already provided a degree of access to its market that compared well with international standards. Imports account for 32 per cent of the Australian market for textiles, 22 per cent for clothing and 36 per cent for footwear.

The Government's decision against implementing a significant reduction in textile protection has caused some surprise here. The textiles industry is the most capital intensive of the sectors involved and would therefore result in the least loss

## Indonesia awards refinery contracts

By Richard Cowper in Jakarta

THE INDONESIAN Government has awarded design and construction contracts for the \$800m extension to the Dumai oil refinery in central Sumatra.

The contract for process engineering and design has been won by United Oil Products (UOP), a subsidiary of Signal of the U.S., while two Spanish engineering companies, Técnicas Reunidas and Centurion have been appointed to carry out the construction work.

The refinery will be operated as a joint venture between Pertamina, Indonesia's State owned oil company, and Hebrides Enterprises of Hong Kong.

Finance for the \$5,000 b/d hydrocracker will come from a mix of commercial loans, export credits and equity.

Spain has granted \$290m in export credits via the Banco Exterior de España and the Austrian Government has agreed to provide export credits of \$150m through its export credit agency, Credit Anstalt-Bankverein. American Express will lead a Eurodollar syndicated loan of at least \$200m, and the remaining funds will come from the Indonesian Government and Hebrides Enterprises.

The deal, which has been on the cards for several years follows decisions taken in the spring to go ahead with \$1.6bn worth of extensions to Indonesian oil refineries at Balikpapan in East Kalimantan and Cilacap in Central Java.

The three extensions, which should all be ready by 1983, will more than double Indonesia's existing refinery capacity to around 485,000 barrels per day.

## Sabah's \$500m paper complex draws foreign group interest

BY PAUL CHEESERIGHT

SEVEN international companies have expressed interest in building and operating a \$500m pulp and paper complex in the Eastern Malaysian state of Sabah. The state Government expects specific proposals by the end of the year.

The companies include Parsons and Whittemore, the UK subsidiary of the U.S. group bearing the same name, Kloeckner of West Germany and the Hong Kong-based European Overseas Development Corporation have been in touch with the state Government.

Svenska Cellulose of Sweden is sending a team to Sabah this month while Oji Paper of Japan and Samsung of South Korea have noted preliminary interest. Voest Alpine of Austria is also said by Sabah

Government officials to be examining a project.

The state Government wants a plant with annual capacity of 200,000 tonnes. Excess pulp would be exported and paper machines gradually introduced to cater for the domestic Malaysian market.

Malaysia's annual paper requirements are put at 300,000 tonnes, but present local production is only about 20,000 tonnes.

The state Government has shown in previous, abortive negotiations on the project that it is prepared to grant extensive timber concessions, thus opening the way for basic timber exports as well.

Its first talks on the subject were with Birla Brothers of India in 1977. Birla's interest

lapsed because of internal conditions in India but were revived last year. By that time capital costs had increased, and Birla wanted to scale down the project, and he granted what to the Malaysian authorities was an unacceptably high degree of tariff protection.

It is not clear whether Birla will make a further bid for the project.

The attraction of Sabah to overseas groups is the ready access to the timber. Noting that world timber resources were diminishing, Parsons and Whittemore said at the weekend that more developments of this type could be expected in the Southeast Asian area.

Parsons and Whittemore have alerted the Sabah Government to their interest but have so far received no response.

## Canberra shrugs off Korean trade protest

BY OUR CANBERRA CORRESPONDENT

SOUTH KOREA has complained to Australia about the growing imbalance in Australia's favour of trade between the two countries.

At the 11th round of annual ministerial trade talks between the two countries held in Canberra last week, the Korean delegation asked Australia to review the imbalance and introduce measures to promote "healthy and equitable development of future bilateral trade."

Total trade turnover for the financial year ended June 30 this year was around A\$546m (£272m) of which A\$406m was Australian exports to Korea—mainly iron ore and coaling coal.

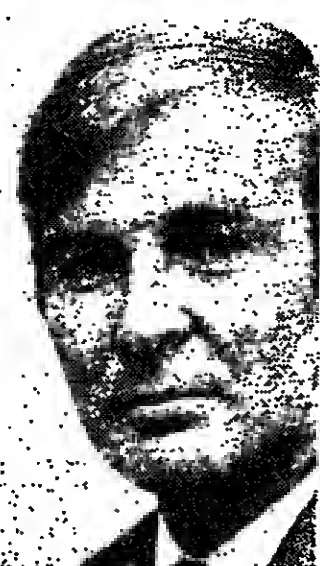
Trade between the two countries declined slightly compared with the record level of A\$584m

in 1978-79 which was a 52 per cent increase on the previous year.

Mr. Shin Byong Hyun, the South Korean Minister of Commerce and Industry, led the South Korean delegation which met the Australian delegation headed by Mr. Doug Anthony, Australian Deputy Prime Minister and Minister for Trade and Resources.

The South Koreans want greater market access for their manufactured goods, particularly textiles, footwear, electronics, and iron and steel products.

The Australian Government argues the lower protection would not have much impact on the level of South Korean imports because of Australia's



Mr. Douglas Anthony, Australian Deputy Premier

## Manila ponders fertiliser bids

MANILA—Four multinational consortia are expected to lead the way when bidding begins today on a fertiliser plant projected to cost \$300m.

The plant, to be built at Isabel in the central Philippine island of Leyte, will have a capacity of 350,000 metric tons a year when completed in 1983. It is one of 11 industrial projects being pushed by the industry ministry. The four consortia are Badger Engineering of the U.S. and Mitsui of Japan; Simchem of Britain and Toyo Engineering and Marubeni of Japan; Foster Wheeler/Iberia and Técnicas Reunidas of Spain, and Lurgi of West Germany; and Coppee Rust of Belgium, Dragados of Spain and C. Itoh and Mitsubishi of Japan.

The four consortia are bidding to supply the equipment and build a sulphuric acid plant, a phosphoric acid plant, an

ammonium sulphate plant and a granulation complex for the fertiliser plant. Ministry of Industry officials put the price tag at \$300m-\$350m, while others put it as high as \$400m.

Negotiations also are continuing on the equity participants in the project, dubbed the Philippine Phosphate Fertiliser Corporation. Ideally, said Mr. Roberto Ongpin, the Industry Minister, 60 per cent of the equity will be taken up by the Philippine Government AP-DJ

© The Taiwan Power Company (Taipower) has invited five foreign companies from three countries to bid on a fourth nuclear power plant. Reuter reports from Taipei. The five companies are General Electric, Westinghouse Electric and Comhustion Engineering Co., all of the U.S., as well as the French-based Framatome and the West German Kraftwerk Union.

## World Economic Indicators

	FOREIGN EXCHANGE RESERVES (U.S.\$m)			
	June '80	May '80	April '80	June '79
UK	20,467	20,368	20,147	16,890
France	23,829	23,788	23,603	14,031
W. Germany	44,172	42,778	42,911	41,401
Italy	19,105	20,919	21,531	18,166
Netherlands	9,306	8,949	9,014	6,260
Belgium	6,147	5,057	4,120	4,121
U.S.	5,582	5,721	5,558	6,049
Japan	18,624	17,315	14,886	20,855

Source: IMF

## SHIPPING REPORT

## U.S. coal trades main attraction

BY OUR SHIPPING CORRESPONDENT

ONCE AGAIN it has been the U.S. coal trades that have been the chief attraction in the dry cargo markets. Rates on the key U.S. Hampton Roads/Japan run are now up to \$27 per tonne—an increase of one-third over the last month.

The major factor is the several weeks before stock Australian coal strike which is now in its seventh week and still shows no sign of ending. Serious congestion is occurring at Hampton Roads which is exacerbating the shortage of coal tonnage.

Even if the Australian strikes finish quickly, it will take the market several weeks before stock levels are rebuilt and, in the

interim, Japanese charterers, in particular, are anxious to load coal. Denholm Coates reports that the Japanese are now quoting for fixtures as far ahead as October.

The strength of the coal business has spilled over into a handful of other trades. The U.S. Gulf/Japan grain rate for 50,000 tonners has risen to \$27.50 per tonne. Meanwhile, the important U.S. Gulf/Continent grain rate has hedged up to \$16.50 per tonne for 60/70,000 tonners.

In its weekly bulk carrier report, Galbraith Wrightson concludes that as long as the Hampton Roads coal trades remain extremely active the grain market will continue to strengthen.

However, while the coal rates are nearly back to their June levels of \$28 per tonne, the key U.S. Gulf/Continent grain rate, for Panamax bulkers, is still around one-third below the \$23.75 per tonne peak reached at the beginning of June.

In the tanker market there has been a marginal improvement amongst the larger vessels. Rates for Ultra Large Crude Carriers have recovered to about Worldscale 184 from their recent low of Worldscale 16 for voyages westwards out of the Gulf.

For the slightly smaller VLCCs Worldscale 25 seems to be the benchmark figure for the Arabian Gulf/West trins Arabian Gulf/West.

In the sale and purchase market, Lambert Brothers' latest monthly newsletter sheds more light on the extent of the recent Chinese activity which has been underpinning the market. They estimate that the Chinese have bought just over 2m dwt at a cost of \$580m so far this year.

If this scale of investment continues the Chinese will have soon bought more ships than they did during their last buying spree in 1978. Lambert Brothers reckons that they picked up 2.4m dwt for \$475m during that year.

## PoliBur wins Warsaw deal

By Our World Trade Staff

POLIBUR ENGINEERING of Manchester has signed a £10m contract to provide management and procurement services for a scheme to redevelop and modernise sectors of Polish industry.

The contract is between Polibur and Polimex-Cekop, the largest foreign trade organisation in Poland.

The work, which will be spread over a three-year period, will involve updating plant and machinery used in the Polish chemical and food processing industries.

The contract will result in considerable orders for plant and equipment being placed with UK manufacturers, and the financial side of the transaction is being handled by Lloyds Bank and Bank Handlowy of Warsaw.

© Plessey Radar has won a £2m contract from the Civil Aviation Directorate of Oman for the installation of a primary and secondary radar system at Seeb International Airport.

© Racal Decca has received a £390,000 order from the Mozambique Aviation Ministry to install two Decca Doppler VOR navigation beacons, type DVB 50, at Hampula and Beira.

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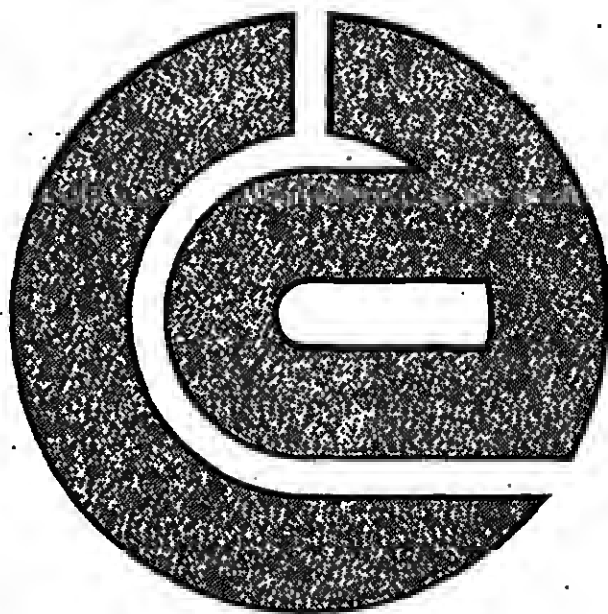
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## UK NEWS

## LABOUR

## European lotus eater's guide: lunch in Lisbon, scotch in London

BY ALAN PIKE

THE managing director of a medium-sized British company, depressed at the news that he is earning only half as much as his counterpart in Austria, can seek solace in whisky — which in Vienna would cost up to £8.90 per bottle.

If he prefers to drown his sorrows in instant coffee, there is even better news. The jar for which he has paid up to 94p (at January, 1980, prices) costs £4.49 in Austria. Happy again, the British

businessman can leave the £75,000-£85,000 four-bedroom detached house in London which—if he could find one—would cost £178,000 in Vienna and celebrate by having his hair cut at a mere fraction of the Austrian price.

These figures, and many more, are contained in the ninth edition of the Confederation of British Industry's survey of wages and prices in Western Europe, published today. The guide is

aimed at companies establishing industrial or sales operations in Europe, and is not intended as a comparative study of one country's prices against another's.

Indeed, perhaps concerned at the use to which some of the information might be put if the guide fell into the hands of trade union negotiators, the CBI specifically warns: "What may seem to us to be astronomical pay for the skilled worker may not necessarily bring him a

better standard of living than he would have doing the same job in Britain."

While it would be unfair to make serious comparisons on the basis of the guide, its 94 pages demonstrate patterns and trends. Narrow pay differentials in Britain, for example, mean a general manager will be lucky to earn more than twice as much as a skilled worker.

In countries such as Italy, France and Belgium it is quite common for the gross

pay of senior management to be six times as much as that of skilled workers.

Norway, Denmark and Ireland all have differentials patterns more like the British one, but gross pay is higher.

The guide contains a range of information of use to companies operating in Europe and also—in areas like the cost of educating expatriate children—of value to individual businessmen and women.

Any company anxious to keep entertainment expenses under control should think seriously about moving to Portugal. The average cost of an evening meal for four people in a fashionable restaurant including two aperitifs each, a three-course meal, two bottles of good vintage wine, coffee, tax and service is £46.53. In Milan you will pay up to £164 and in Paris £131. And, as a bonus, the best cinema seats in Lisbon cost only 53p.

## Sick pay proposals criticised

By Alan Pike

ENGINEERING employers have told the Government that they strongly oppose proposals to make companies responsible for paying employees' sickness benefits without "any remotely adequate compensation."

A Green Paper has proposed that employers should, in return for a once-and-for-all 0.5 per cent reduction in their National Insurance contributions, become responsible for paying £30 per week sick pay for eight weeks of sickness in a year.

After consulting its 6,500 member companies the Engineering Employers' Federation has said it agrees with the Government's stated objectives for proposing the change—to reduce Civil Service manpower and to avoid the non-taxation of State sickness benefit.

But it believes the Green Paper "entirely fails to take account of the very large cost implications which it proposes." Typical engineering companies, says the federation, would require reductions in National Insurance contribution liability of between 1.5 and 2 per cent, rather than the proposed 0.5 per cent, to compensate simply for operating the proposed new scheme.

But it would, in any case, be impossible for employers to accept a once-and-for-all compensation arrangement which could not be guaranteed to continue. The reduction in employers' National Insurance liability could be nullified in the future, while the £30 sick pay for which they were responsible might be progressively increased.

The federation also fears that the proposed arrangements would put pressure on companies to improve their domestic sick pay arrangements. It does not believe the Government has recognised the "great volume of bargaining, and the potential for conflict, which will fall upon employers in consequence of every sick pay scheme being opened up for re-negotiation as a result of implementing the Green Paper's proposals."

## Sasse rejects Brazilian offer

BY JOHN MOORE

MEMBERS of the Lloyd's of London underwriting syndicate once headed by Mr. Frederick Sasse have rejected an offer of \$6.35m (£2.67m) from the Instituto de Resseguros do Brasil, the Brazilian Reinsurance Institute, representing payment on the syndicate's reinsurance claims.

Additional Underwriting Agencies (No. 2), the Lloyd's company which is looking after the affairs of the syndicate, has told the 110 members that the offer by the Brazilians "is thought to be inadequate."

The syndicate has been suing the Brazilian group since 1978 to recover claims on U.S. fire reinsurance on business produced for the Sasse syndicate by a U.S. company called Den-Har Underwriters. The syndicate is facing about \$16m of losses from this business, but if it is successful in obtaining reinsurance payments from the Brazilians it could reduce its losses by about \$13m.

The Brazilians had offered earlier to pay \$3m in full and final settlement, but this was rejected by lawyers acting for the syndicate who are pursuing

claims with "the utmost vigour."

In other legal proceedings the syndicate is attempting to recover reinsurance which will reduce the syndicate's total losses of £21.5m; it has rejected in legal proceedings an offer of £1.4m made by the Meacock syndicate.

An offer made by the Meacock syndicate to repay £1.4m in respect of premium paid by the syndicate 782, the Sasse syndicate, "has been rejected, but that sum may be recovered as the minimum sum, before expenses, which could be recovered." Additional Underwriting Agencies has told the members.

The latest round in the Sasse litigation follows the proposal by Lloyd's to mount a rare market rescue for all of the members of the Sasse syndicate, with the exception of Mr. Frederick Sasse and five other members more closely involved in the day-to-day fortunes of the syndicate. Under the scheme more than £15m of the syndicate's losses is to be borne by the whole Lloyd's market.

## Tractor plant jobs may go

By Arthur Smith, Midlands Correspondent

TRADE UNIONS fear that Massey Ferguson is about to announce redundancies at its Coventry tractor plant.

The Banner Lane factory, one of the largest in the Western world, with an output potential of 80,000 units a year, has been working at only about 75 per cent capacity.

The company warned trade unions earlier this month that even with a new contract from Iraq worth more than £40m, some short-time working would be necessary to the end of October.

The management is reviewing production programmes beyond that, and seems likely to call for a cut in the 4,000-strong Banner Lane workforce.

About 80 per cent of output is exported. Its principal markets, Western Europe, Africa and the Middle and Far East, are all depressed.

The overall drop of around 10 per cent in world demand for tractors has hit much of the UK industry, causing short time and redundancies. Home sales are expected to drop by about 25 per cent this year from 27,000 in 1979, itself a poor year.

Nearly 150 jobs will be lost at the JCB factory at Rocester, Staffs. The excavator company is to put its 1,800 workforce on a four-day week from today.

The company said that it hoped that volunteers for redundancy and early retirement would reduce the number of enforced redundancies.

It blamed the situation on high inflation and a severe decline in demand for earthmoving machinery in Britain and America.

The Benmore Corporation is to start short time today to prevent further redundancies in its flexible packaging department at Spondon, Derby, where 50 people will lose their jobs. Benmore has applied to the Department of Employment for assistance under the Government's short-time working scheme.

## Hopes of Labour moderates grow

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR Party moderates are becoming optimistic about the chances of eroding Left-wing domination of the party's National Executive Committee this year.

They now believe they may succeed in ousting one Left-wing member—and possibly even two—from the executive's women section, as well as replacing Baroness Jeger, who is retiring, with a candidate who could be relied upon to vote consistently against the Left.

Such a change in the women's section could alter the balance of power on the 29-member executive, seriously endangering the Left's superiority there. Voting will take place at the party conference in Blackpool, when the two sides of the party will fight over the three main constitutional issues facing Labour.

With six weeks to go, the moderates remain cautiously optimistic about defeating Left-wing proposals to change the rules for electing the party leader and writing the manifesto. But the Left is already working hard to win a sizeable majority of the 500,000 constituency party votes. Supporters of Mr. James Callaghan, the party leader, admit they cannot be confident of victory.

Mr. Callaghan's camp believes control of the NEC is funda-

mental to three years, but has failed to make any.

Their hopes this year rest almost entirely on the Amalgamated Union of Engineering Workers, which, with 970,000 votes, played a decisive role at last year's conference. A majority of one on the union's conference delegation resulted in all its votes going to the Left on the key constitutional issues. This year, Mr. Terry Duffy, the union's Right-wing president, believes the moder-

ates may have a majority on the conference delegation.

Voting for the delegation has been taking place over the last few weeks, and Mr. Duffy yesterday was reasonably confident that this year the moderates would have a majority of one. This would mean they would vote for Dr. Shirley Summerskill, Mrs. Betty Boothroyd and Miss Diana Hayer, the Fabian Society's general secretary, as well as Mrs. Shirley Williams, who is already on the women's section.

The AUEW probably would not oppose the re-election of Dame Judith Hart but, if the Right succeeds in winning control of the delegation, they could make it very difficult for either of the two most consistent Left-wingers—on the women's section—Joan Maynard and Renée Short—to be re-elected.

Although the Left clearly dominates the Executive, several members, though tending towards the Left, do not invariably vote with them. For this reason, it is not possible to say how many seats the moderates would need to gain control

of the NEC is fundamental to three years, but has failed to make any.

It is not possible to say how many seats the moderates would need to gain control of the NEC is fundamental to three years, but has failed to make any.

mental to three years, but has failed to make any.

## Air stopover battle looms

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE for traffic on the London-Hong Kong air route takes a new turn this week, when airlines on the route apply to the UK Civil Aviation Authority for rights to pick up traffic at intermediate Middle Eastern cities.

British Caledonian Airways wants to pick up and set down passengers at Dubai, Bahrain, Sharjah, and Abu Dhabi. Cathay Pacific wants rights between London and Bahrain and Dubai. Laker Airways is asking for rights to use Sharjah.

The three are all objecting to each other's applications, as is British Airways.

Thus, when the three days of public hearings before the Civil Aviation Authority start tomorrow there is likely to be acrimony.

The airlines believe they will be able to make the Hong Kong route pay sooner if they are given rights to intermediate points.

British Airways is applying to the Civil Aviation Authority to knock between £8 and £17 off standard economy single fares to the Channel Islands. The airline also announced plans to increase flights on the Aberdeen-Gatwick route.

## Grocery index shows slight fall

BY OUR CONSUMER AFFAIRS CORRESPONDENT

GROCERY PRICES in the shops in August have continued the relative stability of the past four months.

The latest Financial Times Grocery Prices Index, published today, shows a slight fall on the July index but is at broadly the same level as in May and June.

The August index stood at 128.41, an 0.5 per cent drop on the July figure. The fall was mainly attributable to the seasonally lower cost of fresh fruit and vegetables included in the shopping basket, although most other sectors in the basket

were marginally higher in cost. The index shows the trend in food prices rather than acting as an absolute indicator of price levels. It is based on data collected each month by 25 shoppers who monitor the same lists of 100 items in the same shops.

The shops chosen range from superstores to small village grocers spread throughout the country.

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FINANCIAL TIMES SHOPPING BASKET AUGUST 1980

	Aug.	July
Dairy produce	630.58	626.71
Sugar, tea, coffee, soft drinks	204.89	198.73
Bread, flour and cereals	300.01	295.43
Preserves and dry groceries	107.03	105.44
Sauces and pickles	49.44	49.39
Canned goods	190.79	190.67
Frozen foods	228.51	229.24
Meat, bacon, etc. (fresh)	532.51	535.61
Fruit and vegetables	250.32	275.97
Non-foods	235.93	233.40
Total	2,730.21	2,743.61

1979: January 108.54; February 108.45; March 109.72; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.  
1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53; July 129.04; Aug. 128.41.

FT survey of consumer confidence, by David Churchill

## Growing mood of optimism

THE LEVEL of consumer confidence is beginning to increase in spite of the worsening economic recession, according to the latest Financial Times Survey of consumer confidence published today.

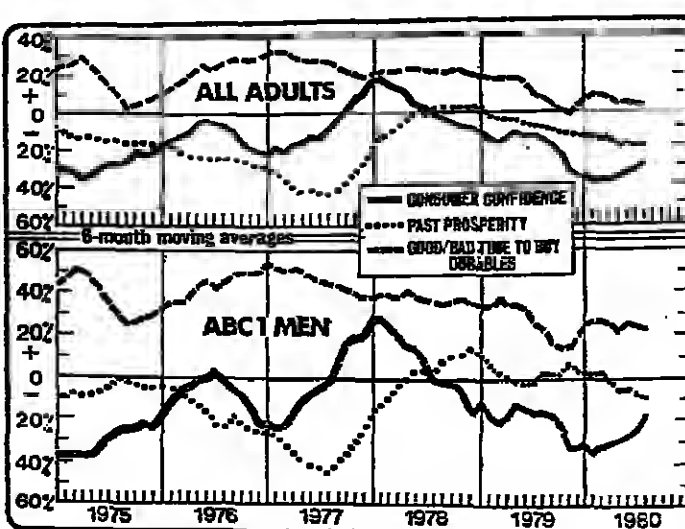
The index of future confidence has risen for the past three months and, although still at a comparatively low level—is now at its highest since May of last year.

The index for August was minus 24 per cent, compared with minus 27 per cent last month and minus 31 per cent in June. In February this year, the index reached its lowest ever level of minus 48 per cent—almost twice the current level. In May, 1979, the index stood at plus 9 per cent.

The August index, derived from the regular monthly survey of about 1,000 adults, revealed that 21 per cent expected conditions to improve (up from 19 per cent last month) with 45 per cent expecting things to worsen (down 1 per cent on last month) giving the minus 24 per cent index.

But the six-month index, which more accurately shows the trend over the past half-year, has fallen to minus 29 per cent, compared with minus 33 per cent last month and minus 35 per cent in June.

Analysis of the survey shows that two main reasons emerged for the increase in confidence. One was the belief that the Government was pursuing the right economic policies, men-



tioned by 38 per cent of the optimistic consumers this month compared with 26 per cent two months ago.

The other, a feeling that the economy was getting stronger in spite of the recession, was mentioned by 13 per cent of the survey compared with 8 per cent two months ago.

However, the main reason for optimism is still the rather nebulous idea that "things must improve," cited by 47 per cent of optimists.

The results of the survey this month will be more encouraging news for the Government following last Friday's sharp fall in the annual rate of retail price inflation.

However, it is clear that the very low levels of confidence still leaves the index at a low level. Twice as many consumers this month were pessimistic rather than optimistic.

The main reasons for the pessimists' gloom were rising unemployment, cited by 33 per cent, and inflation, cited by 32 per cent.

Both these reasons were cited by 2 per cent more pessimists this month than in July. The third key reason was the belief that the Government was pursuing the wrong economic policies, cited by 24 per cent compared with 21 per cent last month.

## £7m inflow to National Savings

By James McDonald

NET INFLOW into National Savings in July was £7m. The continued popularity of index-linked savings and of Premium Savings Bonds was partially offset by large repayments of matured British Savings Bonds.

Index-linked National Savings Certificates Retirement Issue had a good month with net receipts of £40.5m. Index-linked Savings As You Earn showed a net increase of £10.4m while Premium Savings Bonds had a net inflow of £5m. The downward trend of National Savings Bank Investment account was reversed—with a net gain of £6.5m.

Total receipts, including accrued interest, was £285.6m and repayments £220.8m a net increase of £64.8m.

● LAND WASTE: More than 11m acres of potential agricultural land in U.K. cannot be used because it is covered in bracken, says May and Baker, one of the country's leading agro-chemical manufacturers.

● EXPORT AID: London Chamber of Commerce is to run a series of economical business visits from November for small exporters. This is to compensate for what it calls the Government's "ill-advised decision" to cut the British Overseas Trade Board's sponsorship of trade missions.

● ASDA change: Asda stores, the Associated Dairies chain—one of UK's largest supermarket groups—is to introduce "store-within-a-store" units selling large domestic appliances from the autumn. Asda has been de-stocking its own lines of appliances such as refrigerators and music centres, though not smaller electrical goods like toasters and hair-driers.

● APPLE days: Fruit-growers are planning a series of apple days at East Anglian towns next month, when they will give away freshly-picked English apples. They are fighting cheap imports of

## Unions clash on TUC plan to end laggards row

BY NICK GARNETT, LABOUR STAFF

UNIONS AND employers meet today to discuss for the first time the draft document for a national engineering agreement for construction sites.

The draft, designed to improve discipline and reduce malpractices and wage leap-frogging, sets out new negotiating structures—a national joint council and joint councils for individual large sites—disciplinary procedures and formulas for improving and measuring productivity.

It has been produced by the employers' side, principally the Engineering Employers' Federation and the oil and chemical plant operators. The unions will today be giving their initial reactions.

The construction section of the Amalgamated Union of Engineering Workers will again stress that the scope of the agreement is too narrow and must include thermal insulation.

While these discussions are taking place, the TUC's finance and general purposes committee will meet this afternoon on the dispute over thermal insulation engineers or laggards, at the Isle of Grain, over which the TUC must shortly make some very difficult and possibly damaging decisions.

The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union have both rejected as a package the proposals the TUC officially advised them to accept over the dispute at the ill-fated power station.

One of the principal stumbling blocks to their acceptance is the question of what would happen to the 57 trainee laggards sent in by other unions to replace those of the General and Municipal Workers' Union.

The normal procedure would be for the finance and general purposes committee to recommend to the TUC general council, meeting on Wednesday, that the engineering and plumbing unions be formally asked

to explain why they have rejected the TUC advice.

It appears highly unlikely that the general council will be in a position to consider and act on these replies until after the TUC Congress next month, although Congress is likely to be soured by a long and unpleasant inter-union row from the platform and the floor.

After the TUC, however, the general council must come to a decision on disciplinary action, assuming that the two unions maintain their rejection of the proposals.

Senior officials of the General and Municipal believe the general council will have little option but to expel the two unions if it wishes to maintain the credibility of its advice and its Bridlington union demarcation rules.

The electricians have warned that they will consider legal action against the TUC if this happens.

The Central Electricity Generating Board is pressing ahead with work on the site and has asked insulation contractors to tender for the power station's No. 3 boiler. Insulation work on the No. 1 unit is being done by laggards brought in by unions other than the General and Municipal.

Units four and five have been taken out of the programme altogether. The No. 2 boiler has been operational for a year.

Insulation contractors, asked to tender presumably include members of the Thermal Insulation Contractors Association.

The CEBG, however, has been attempting to halt the use of open-ended bonus payments made by thermal insulation contractors to laggards, the issue over which the original thermal insulation dispute blew up.

It would seem likely, therefore, that the CEBG will be testing the kind of arrangements under which thermal insulation companies would be prepared to operate.

## Observer new deal practice run 'soon'

BY NICK GARNETT, LABOUR STAFF

THE MANAGEMENT of the Observer believes that it can soon start practice runs of its new printing arrangements, following agreement at the weekend by the machine-managers to accept the company's terms on pay.

The company has to negotiate pay rates linked to the new arrangements with other groups, but says that these are ready to see the new arrangements in operation.

The machine-managers "reluctantly" accepted an instruction to agree to the company's final terms issued by the national council of their union, the National Graphical Association, under pressure from a management ultimatum that it would shut the paper in October.

The union, while it says it does not wish to interfere with further negotiations of other groups of print workers, has twice given thinly-veiled warnings that it would be prepared to defend the machine-managers if these further negotiations upset wage differentials.

This was first made clear on Thursday, when the national council, in giving the instruc-

tion to the machine-managers, said it reserved "its right to act on our members' behalf if subsequent events make that necessary."

The management was cautious yesterday about when it would withdraw the dismissal notices sent to the Observer's 1,000 staff. It implied that this would probably be done this week.

NGA officials do not expect the company to maintain the dismissal notices while the other groups are negotiating, and were disappointed that the notices were not lifted at the weekend.

The new arrangements using collect printing, will allow the Observer to print four sections to a maximum 64 pages, in one session. At the moment it takes more than one session to print 64 pages, and for 48 pages it can print only two sections in one session.

Linked to the arrangements, the complement of 25 machine-managers will rise to 49 working on the floor at 48 working hours for the Saturday night-Sunday morning shift they will receive £93.63 for working on a 48-page and £100.13 for a 64-page paper.

## Pay crisis 'a threat to textile industry'

BY OUR LABOUR STAFF

THE GOVERNMENT must provide protection and greater rewards for textile workers if it is to retain credibility for its policies on wages on employment, the Low Pay Unit says in a letter, published today to the Prime Minister and to Mr. John Nott, Trade Secretary.

The textile works are the litmus test of the Government's assertion that workers should "price themselves into jobs" and be prepared to accept change," the letter says.

"They have co-operated in a massive restructuring of the industry and have accepted exceptionally low wages. Their reward has been the continued threat of unemployment and further hardship."

A Low Pay Unit study on the industry, written by Mr. Steve Winyard, social administration lecturer at Leeds University, says that in the past 10 years the workforce has accepted the loss of 60,000 jobs, halving the labour force.

The workers have co-operated with new investment, retrained from holding major strikes in the 1920s, and accepted wages which put them three

from the bottom in a pay league of 77 manufacturing industries.

The report, Trouble Looming, argues that the textile workers have represented a "model" in terms of how the Government would like unions to behave but, partly as a result, have seen their incomes shrink and their families suffer hardship.

It seeks the introduction of temporary controls on the future growth of textile and clothing imports, an investigation into trade barriers operated by other countries and a new Multi-Fibre Agreement by 1982 to protect British companies.

It also argues that special provisions should be made by the EEC, and calls for further finance under the 1970 Industry Act and for changes in regional aid policy to permit all textile areas to receive EEC assistance.

The report urges management to improve marketing, production flexibility, design and wages and advises textile unions to be tougher in bargaining.

Unless radical steps are taken, it argues, the British textile industry will disappear by the end of the decade.



## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Thorn's zest for alliances

AS BRITAIN'S biggest manufacturer of consumer electrical and electronics products, Thorn EMI knows only too well what it is like to feel the chill wind of Japanese competition. But recognising that Japanese success is due to technological prowess as well as to keen pricing, it has embraced with apparent enthusiasm the principle that "if you can't beat them, join them."

Thorn has been linked for some years with Victor Company of Japan (JVC), which is majority owned by Matsushita Electrical. The British company sells under the Ferguson brand name and distributes through its large rental network video cassette recorders made by JVC.

Earlier this year, Thorn agreed to promote in Europe the videocassette home entertainment system developed by JVC. It is also involved with JVC, Matsushita and General Electric of the U.S. in a joint strategy to sell the system in the U.S. In addition, it is co-owner with Toshiba of a record pressing facility in Japan.

But Thorn's link-up with Sharp, announced last month, is potentially the most far-reaching of any of the alliances into which it has entered so far. It provides for collaboration in research, development and manufacturing, as well as distribution, with a heavy emphasis on the sharing of technology.

The idea was born last January when Peter Laister, Thorn EMI's managing director, and Denis Neill, deputy managing director, visited Sharp's headquarters in Osaka as part of a tour of Japanese electronics manufacturers. The two companies had previously had only desultory contacts. But what Laister and Neill saw whetted their appetites.

They were particularly impressed by Sharp's achievements in applying micro-electronic technology to a range of consumer products and domestic appliances.

broadly similar to Thorn's own. Their Japanese hosts demonstrated a number of products in which functions like control and switching, previously done mechanically, were performed by tiny chips. They also showed chips performing new tasks which were beyond the abilities of moving parts.

Sharp was among the first Japanese companies to recognise how the chip could be used in consumer applications to increase versatility and reliability and reduce costs. It was a pioneer of the market for electronic calculators, of which it remains a leading manufacturer despite the fierce price competition which drove several of its competitors out of the business.

One of its most interesting areas of research, in which it is investing heavily, is "teaching" integrated circuits to recognise and reproduce the human voice. Laister brought back from his visit a Sharp alarm clock which "speaks" the time. The company has used the same technology to make microwave ovens which announce when the food being cooked is ready and televisions which change channels in response to a spoken command.

Sharp makes many of its own chips and is rapidly building up its production capacity. That is another attraction for Thorn. The British company has no plans to get into semiconductor manufacturing itself, but it hopes that by gaining access to Sharp facilities it will be in a position to design future products around the latest developments in integrated circuit technology.

But what was in the deal for Sharp? Laister admits that he had to work hard to convince the Japanese that they had something to gain from a technology-based agreement with a British company. But exposure to some of the work done by Thorn EMI engineers apparently impressed them.

One of Thorn's trump cards

was undoubtedly the research laboratories which it acquired by taking over EMI late last year. Though these are concerned primarily with defence electronics, their technology can also be applied to consumer products.

Sharp also appears to believe that the agreement will earn it some political goodwill in Europe at a time when Japanese companies are attracting criticism as commercial predators. Soon after the deal was announced, a spokesman in Osaka was quoted as saying that he hoped that it would calm concern in the EEC about rising Japanese imports.

In the short term, it seems unlikely that the agreement will do much to increase Sharp's exports to the UK. Thorn is due to start importing Sharp microwave ovens from Japan; but this is only an interim measure until the British company begins making the ovens under licence at its factory in Spennymoor, County Durham, next year.

In exchange, Sharp has undertaken to distribute in Japan food preparation products made by Thorn's Kenwood division. Shipments of Kenwood chef mixers will start later this year and will be sold by Sharp under its own name.

How the agreement develops in the longer term will depend very much on exactly how Thorn and Sharp implement their undertakings to exchange licences on each other's products and to collaborate on research and development.

No specific joint projects have apparently been decided yet, and practical arrangements for co-ordinating research and development activities still have to be worked out. But at the least, the agreement should turn into a fascinating—perhaps unique—experiment in Anglo-Japanese collaboration.

Guy de Jonquieres

SHARP CORPORATION, the Japanese electronics manufacturer which recently entered into a "special relationship" with Thorn EMI, is a highly atypical member of its industry, and indeed of the Japanese business community as a whole. Apart from its technological eminence, Sharp has, for a Japanese company, a unique overseas development strategy which made it a natural candidate for the tie-up with Thorn. This consists of using technical licensing agreements rather than on-the-spot manufacture as the main weapon for selling Sharp products around the world.

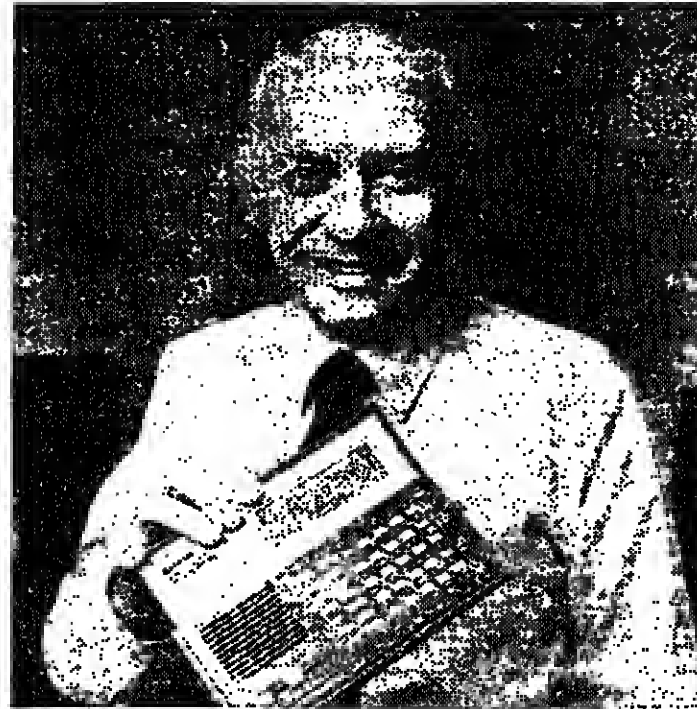
Unlike rivals such as Sony and Matsushita, both of which have impressive networks of wholly-owned overseas manufacturing subsidiaries, Sharp boasts only two 100-per-cent-owned foreign subsidiaries (in the U.S. and Australia) and three companies in which it has a 50 per cent stake (in Korea, Taiwan and Malaysia). In 30 other countries Sharp products are being manufactured by companies in which Sharp has no equity stake and no say in management. What it does have is a series of renewable five-year technical licensing agreements which enables it to monitor the quality of Sharp branded products in countries as diverse as Brazil, Turkey, South Africa and the Camerouns.

Sharp adopted the licensing route to overseas sales expansion some 20 years ago on the initiative of Akira Saeki, the then vice-president, who was later to succeed the founder of the company as president. The thinking is simple: Japanese industry, says Sharp, has come under fire in the developing world for being reluctant to delegate responsibility to local managers and for a tight-fisted attitude to technology transfer. A policy which achieves the opposite of this can be expected to go down well in the host country and should therefore, in the long run, be good business.

The success of technology tie-ups with local partners in major developing countries like Brazil and Indonesia seems to prove the correctness of Sharp's theory. The company arrived in Indonesia in 1970, some years after its main Japanese competitors had set up local production ventures, but now controls a massive 45 per cent of the colour TV market. This is apparently because its local partner is better at marketing than its wholly-owned Japanese competitors. Similarly, in Brazil, the Sharp brand name dominates the colour TV market (with a 26 per cent share) and the electronic calculator market (with some 50 per cent) even though Sharp itself has not invested a

## A fruitful marriage?

Its use of licensing agreements overseas makes Sharp unusual among Japanese companies. Charles Smith reports



Peter Laister, Thorn's negotiator of the deal, figures it out on a combined Sharp calculator and radio.

cruzeiro in the acquisition of local equity.

Sharp's experts in both countries are fairly thin on the ground; two Japanese technicians advise the Indonesian colour TV operation while another five are helping to produce refrigerators, coolers and audio equipment. Sharp keeps a close eye on quality control through these experts but marketing is entirely the responsibility of the local Indonesian management.

Sharp's competitors say the danger of relying on technical tie-ups is that the foreign partner can set up shop on his own as soon as he has acquired some basic know-how. The reason why this does not happen in Sharp's case, says Taizo Katsura, the director of overseas operations, is that the company always has some more know-how to offer.

Licensing agreements are tailored to match the needs of the country concerned; for example, a Sharp licensee in a small African country, such as Chad or Cameroon, is likely to be turning out radios and black and white TVs from imported components, whereas the Sharp affiliate in a semi-industrialised state like Brazil will be making

a wider range of products with much more local content and a higher degree of automation.

No overseas affiliate, however, is expected to stay at a given level of development for more than a few years at a time. Every time a licensing agreement is renewed (and Sharp claims that no affiliate has yet failed to sign on for a further stint) the technology level is upgraded so as to include a wider variety of products or more automation.

Sharp itself manages to stay ahead of its most advanced overseas partners by recording a steady succession of technological "firsts" and by spending 3.7 per cent of its sales revenue on R and D. This is high compared with other Japanese companies.

Today the main emphasis is on the application to consumer electronics of microprocessor technology and on the manufacture of specialised large scale integrated circuits (LSIs) for microcomputers. In the past the company pioneered the use of liquid crystal in watches and desk top calculators and was the earliest mass producer of solar batteries.

Sharp's overseas partners sold 142bn yen (£268m) worth of

goods last year (about one-third as much as Sharp itself). They also employed around 24,000 people including 250 experts from the head office in Osaka. The Sharp group is growing steadily, as the company signs up new partners at the rate of three or four per year but up to now it included no representatives from any part of the developed world—that is until Sharp announced last month that it had signed a "comprehensive" agreement with Thorn EMI.

The Thorn tie-up, says Katsura, is exclusive in the sense that no similar relationship will be sought with any other company in Western Europe. It will also differ from the licensing agreements signed with companies in the developing world in that it will be very much of a "two way street." Sharp will start by helping the British company to make good its weakness in the area of LSIs and microprocessors while Thorn will provide Sharp with some expertise of its own, although the precise nature is uncertain.

Katsura describes Thorn as "a company with a history"—a remark which presumably implies an interest in its strongly entrenched position in the UK home market. Sharp itself recently strengthened its UK sales network, acquiring a new headquarters outside Manchester for its British sales subsidiary, Sharp Electronics UK.

However, selling to Britain has been hard work, partly because of flagging domestic demand and partly because of the extreme sensitivity of the British electronics industry to competition from Japan.

Just under 50 per cent of Sharp's Japanese output was sold abroad during the year ended March 1980 (slightly less than the previous period) making it somewhat more export orientated than its larger competitors.

Thus the link-up with Thorn would appear to make good sense given that Sharp becomes less vulnerable to the threat of trade barriers. This advantage is already enjoyed by other Japanese electronic companies through their heavier involvement in overseas manufacturing. In the U.S. Sharp was one of the last of the major Japanese colour TV manufacturers to establish or acquire a domestic TV manufacturing plant. It thus

SHARP SALES FOR THE YEAR ENDING MARCH 31, 1980	
TV sets	Yenbn 79.8
Audio	65.7
Home Appliances	114.4
Industrial instruments and electronic components	133.3
Total (domestic)	395.2
(export)	204.9
Post-tax profit (£23.3m)	12.5
Employees worldwide	36,000

THORN EMI SALES FOR THE YEAR ENDING MARCH 31, 1980	
Total	£m 1,778.1
UK (inc. exports)	1,342.0
Overseas	436.1
Post-tax profit	91.0
Employees worldwide	125,500

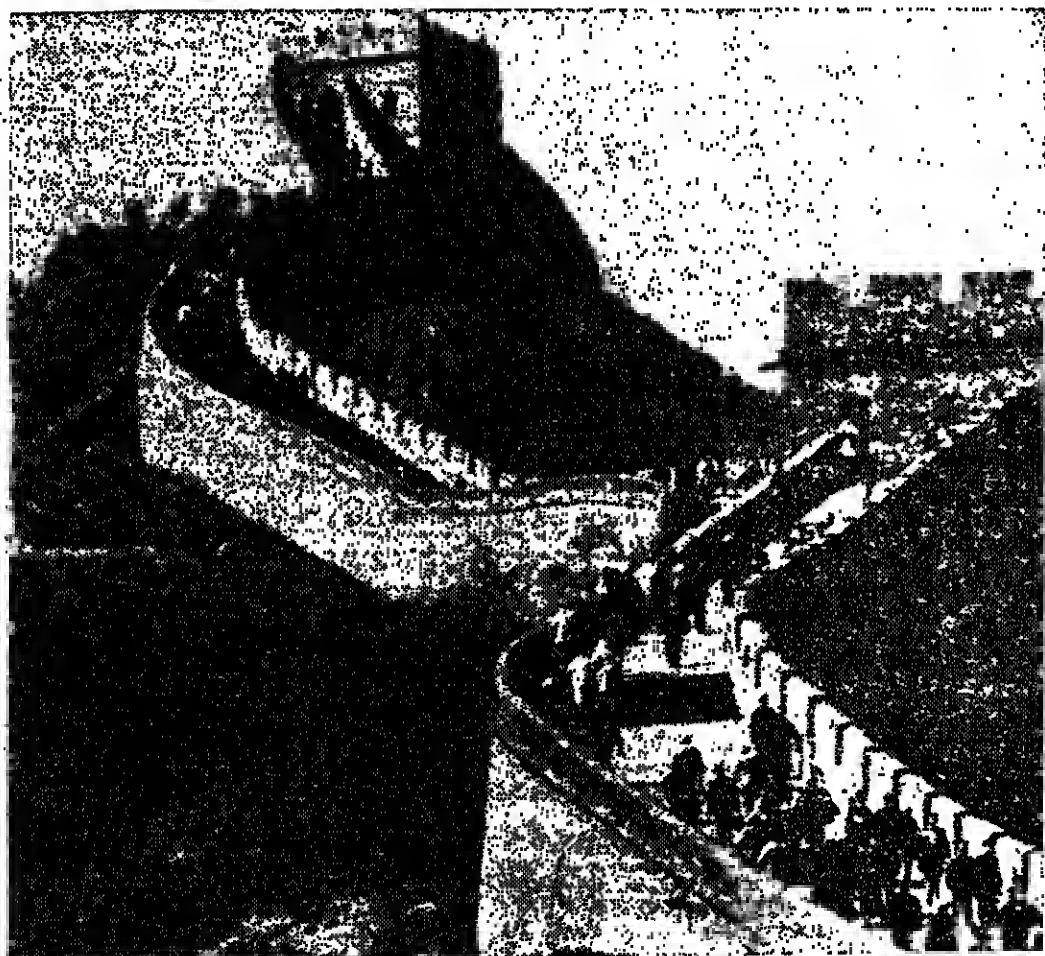
suffered relatively heavily from the cutback of colour TV imports from Japan which the U.S. imposed (in the form of an orderly marketing agreement) in April, 1977.

Its Tennessee plant, with a monthly capacity of 30,000 colour TVs and the same number of microwave ovens came on stream last October, some five years after Sony had begun turning out sets from its San Diego plant and four years after Matsushita acquired the TV manufacturing division of Motorola.

As a result of the delay Sharp's TV sales in the U.S. declined after 1977 and its share of the market today stands at a modest 1.5 per cent.

Sharp's exports to Western Europe include a substantial amount of audio and other equipment produced under contract to at least two leading European electrical manufacturers and sold under their labels. The remainder of its sales to the EEC are made under the Sharp brand name and consist of products shipped direct from Japan. Sharp says that on-the-spot manufacture in Europe is a possibility for the future and one that would almost certainly be discussed, in advance of any firm decision, with Thorn EMI.

If Sharp does eventually build a factory or buy its way into an existing manufacturing operation somewhere in the EEC it will, in one sense, have caught up with Matsushita, Sony, Toshiba and Hitachi—all of which are turning out colour TV sets in the UK either at their own plants or as partners in a joint venture. In another sense it might be doing a good deal more than simply catching up. This is because no other Japanese company has established a relationship with a European (or even U.S. counterpart) which looks as potentially fruitful as the Sharp "marriage" with Thorn EMI.



## Pakistan International's Beijing

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## Management abstracts

These summaries are condensed from the journals of abstracts published by *Author Management Publications*. Readers wishing to consult original texts should write to: P.O. Box 23, Wembley HA9 9SD. Will the Swedish Model of Industrial Relations Survive? H. G. Myrdal in *British Journal of Industrial Relations* (UK), Mar. 80: p. 57 (121 pages).

Identifies characteristics of the Swedish labour market which have given rise to the "Swedish model" of enlightened industrial relations; describes the movement towards socialism, and predicts the effects, particularly in the context of industrial relations, of the Meidner plan which proposes that ownership should be transferred, through compulsory share issues, to trade union collectives.

Job Enrichment: Success or Failure? S. D. Norton + others in *Human Resource Management* (U.S.), Winter 79: p. 28 (10 pages, chart). Traces the evolution of job enrichment, compares it with other methods of organisational change, examines ways of increasing job content and job satisfaction, and presents a research framework to cover the crucial variables in job enrichment applications. Summarises two literature reviews that are critical of claims made for job enrichment success, looks at explanations for "lack of failure," and suggests conditions that may relate to successful implementation.

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# Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

## ENERGY

### Control system will reduce costs

AN ENERGY management system claimed to top up to 30 per cent off energy bills is a principal element in an ambitious drive into the UK by a leading Dutch electrical group.

The system has been launched by the energy division of Holec UK, a small (£4m revenues in 1979) subsidiary of the big Dutch Holec group which turned over £285m last year.

The UK subsidiary plans to increase turnover to £15m by 1982, of which 40 per cent is expected to come from energy management systems.

It is offering a system of modules each consisting of a microcomputer linked to sensors to detect changes in temperature, light and humidity. The microcomputer is based on a Texas Instruments process control chip and can be programmed to maintain the desired environment in the office block, factory or manufacturing unit.

Holec has figures based on the application of its system to a rotary drier for grass which indicate savings of over £25,000 a year, the cost of the module was £20,000.

A desk-top computer (a Hewlett-Packard 9945B) can be added as supervisor on the system.

The system was designed and built in the UK by a team under Melvin De'Ath, technical direc-

tor for Holec Energy; it is understood the availability and quality of British computer programming was a key feature in Holec's decision to concentrate development here.

Mr Kees Hoogendijk, a board member for Holec International, said last week: "There are plans to use the expertise of this group of people in other European countries, in Germany and in the Netherlands."

#### Overcrowded

Energy management is already an overcrowded field with computer companies like General Automation coming hard on the heels of environmental specialists like Honeywell.

Mr De'Ath believed the market was big enough for all and he thought that the flexibility of Holec's operation—it uses chiefly off-the-shelf components from other manufacturers—might give it the edge over bigger companies when the technology was changing rapidly.

The system is suitable for companies spending £50,000 or more a year on energy; Holec in Holland has a prototype domestic energy control system that will sell for about £150 and is working on a new computer based controller.

Holec Energy is at Atlantic House, Jesters Mead, Billingshurst, West Sussex RH14 9PB (040381 4311).

### Batteries survive shocks

NICKEL-CADMIUM pocket plate batteries tailor made for transit systems and offshore installations, are being offered by SAFT (UK), Worton Road, Isleworth, Middx. (01-568 4466).

They are particularly suited to vehicle mounted applications in the severest conditions and are used to compensate for variations in the main power source, as standby in the case of total failure, and for engine starting.

Corrosion has been eliminated from the Saffblock range, says the company, by using Noryl which combines lightness and long life with mechanical

strength allowing the batteries to survive shock and vibration in the most demanding applications. Noryl is also totally resistant to diesel fuel and mineral oils and greases.

Two special benefits are the large electrolyte reserve (needing less frequent maintenance) and method of construction which permits on-site repairs in case of accidental damage.

Available in rated capacities ranging from 10Ah to 400Ah and grades L, M and H for low, medium and high rates of discharge respectively, thus allowing great flexibility of application.

## OFFICE EQUIPMENT

### Copier fits on top of the desk

COUPLED WITH a television and poster campaign—not frequently found in the office copier business—Kalle Infotec is launching what it claims to be the smallest plain paper machine so far developed.

Made for the company by Ricoh in Japan under a long standing manufacturing agreement the new machine, designated 8012, measures only 18 x 17 x 12 inches (460 x 432 x 300mm) and weighs 70 lb (32 kg). Warm-up time of the machine is between three and 35 seconds (depending on ambient temperature) and the subsequent copying speed is 12 per minute. It will copy originals from A5 size (210 x 149 mm) up to 216 x 350 mm (well beyond A4) and is described by the company as the first flat bed machine that will comfortably sit on the top of any desk.

In this design the whole glass platen holding the original is moved across an exposure slot; with light shining up from below, light from the original's surface is reflected back into the machine using a paper-wide line of optical fibres the re-

mote ends of which are similarly aligned across the electrographic drum.

Plain paper on the drum is thus given a charge pattern identical to the characters on the original. Finally, toner is applied and is heat sealed, producing a copy in five or six seconds.

Number of copies required is set by means of a touch sensitive numeric panel (one to 99) and the number produced at any moment is shown on digital display.

Following in the footsteps of the computer industry, which has been known to "knock" IBM products and more recently, the world's car makers, Kalle Infotec at the recent London introduction of the 8012 made direct comparisons with Rank Xerox machines pointing out that the KI 8012 is priced at £1,295 while the 2800 and 2600 from Rank Xerox cost £1,998 and £2,399 respectively. Performance advantages are also claimed.

It is evident that Kalle Infotec, part of the Ebn Hoechst group in Germany, is now taking an overt sideways glance at Rank Xerox. But it does have other competition, notably from Nasuba which will be offering the same machine and from two or three Japanese companies, such as Minolta.

It will be interesting to see if the somewhat novel TV/poster campaign which will be extended beyond LWT to ATV and Granada in the autumn at a cost of £130,000 will be responded to in any way by the other contenders.

GEOFFREY CHARLISH

### Transmits data at high speed

WITH GREATER use of digital control in industrial processes, distributed data processing and other forms of real time control the need arises to transfer large blocks of data from computer to computer at appropriate speeds.

To help meet the need high speed digital communications products made by Computrol in the U.S. are now being distributed in the UK by Data Translations, Gecko House, Sutton Park Industrial Estate, Reading, Berks RG6 1AZ (0734 669335).

The model LI-0016 Megalink for example is a Unibus compatible interface that permits DMA (direct memory access) block transfers between as many as 255 PDP-11 minicomputers at one megabyte rates over a single coaxial cable up to 32,000 feet long.

Other devices are available for other computers and since they are all compatible hybrid high speed distributed processing networks become possible. Applications will include industrial process control, multi-channel multi-speed communications, data acquisition, management information systems and many others.

## HANDLING

### Buckets fit any crawler

TWELVE NEW models in a range of multi-purpose hydraulic buckets have been introduced by the Ulrich Manufacturing Company, Bell Lane, Amersham, Bucks.

These Simplex buckets will fit any type of crawler or wheeled loader tractor and are all SAE rated, ranging from 1 to 31 cubic yard size.

## SAFETY

### Control panel protection

THE PRODUCTION of explosion-proof electric control panels and distribution boards for zone one hazardous areas traditionally involves the enclosure of spark-producing component parts into cast-iron boxes.

But to provide enough protection, says R. Stahl of Birmingham, the boxes can turn out to be very heavy and cumbersome.

The company has therefore launched its 8145 system, and this takes a different approach. Instead of enclosing a group of the offending components in one box, each individual com-

ponent of the panel or board is protected by encapsulation in polyester resin; they can then be installed in a much smaller box of increased safety.

Size and weight are thereby reduced by over 50 per cent and the range of components that can be used to complete the package include contactors for up to 11 kW, motor protection relays, timers, motor protection circuit breakers up to 16 amps, and motor/power switches up to 100 amps.

R. Stahl UK is at Mole Street, Sparkbrook, Birmingham B11 1XA (021 772 8881).

### Stops static electricity

A COMPLETELY static (that is, non-energised) device for the elimination of static electricity from moving webs of paper or other materials has been developed at the Radiochemical Centre, White Lion Road, Amersham, Bucks HP7 9LL (02904 4444).

Its use will remove the many problems that can occur due to build-up of charge on the moving surface, ranging from sparking in the presence of flammable solvents to handling problems when guillotining and stacking.

Object of the controller is to ionise the air in the problem

areas so as to provide a discharge path to earth. The new passive controller uses the energy provided by the static charge itself, which it concentrates at sharp metallic induction points near to the web: the air is ionised in corona discharge. The unit is designed for use in flammable atmospheres and can prevent operator discomfort while lessening fire risks.

The points have coiled spring bases to give flexibility and are also protected by a guard. They are spaced over the web width on a carrier which can be from 250 to 2,250 mm long.

## COMPONENTS

### Long life drive belts

ENGINEERS CAN design more compact, energy-saving, high stress drives around smaller, lighter and—therefore—cheaper pulleys, with the development of a new range of raw edge moulded notched belts, claims Visurgis (Great Britain), Towerfield Close, Shearness, Essex (037 08 5655).

The Optibelt Super TX V-belt is said to be the first of its type to be made in Europe and combines high flexibility and transverse stiffness with considerably increased wear resistance and low stretch and slip characteristics. These construction

features together ensure efficient dissipation of heat and reduce flex fatigue.

Th cause of premature belt failure has long been due to flex fatigue in traditional belts. This is generated by heat build up within the belt itself, resulting first in the base rubber and then the cover cracking, and has greatly contributed to the delay in the development of the smaller and more compact drives sought by industry today.

Speed ratios as high as 12:1 can now be achieved with the new belts which have anti-static properties and increased resistance to heat and oil.

### Will produce graphics

ANY microcomputer employing the S-100 communicating highway or "bus" can be made to produce graphics using a plug-in board from Digital Devices, 134 London Road, Southborough, Kent TN4 0PL (0892 37977).

Output is a composite video signal which can be connected to a monitor or, via a UHF modulator to the aerial socket

of any commercial television set.

The unit produces a high resolution 256 x 256 dot raster for good quality line images. An on-board refresh memory relieves the microprocessor from having to refresh the screen. In addition, regardless of the speed at which the processor accesses the board to update the screen, all the accesses are synchronised to avoid "glitches" (visual imperfections).

## Building and Civil Engineering

### £12m Hong Kong £22m Qatar hospital sports centre

PRELIMINARY work has been completed on the site of the HK\$120m (£12m) Jubilee Sports Centre to be built for the Hong Kong Jockey Club. Reclaimed land adjacent to the racecourse at Sha Tin is to be used. A main contractor had not been appointed at the time of this report.

White Young BCOE Consultants Asia (a joint venture

between the White Young Group of the UK and BCOE of France) have been appointed as consulting engineers for the design of the civil and structural works.

The architects are MA Fong and Associates in association with Planning Services International. Quantity surveyors are Levette and Bailey.

The scheme is scheduled for completion in early 1982.

### Traffic control in Baghdad

SCOTT WILSON Kirkpatrick and Partners has now completed one-third of a three-year project to provide both a long-term transportation plan, and short-term traffic management plus urban traffic control, for the Greater Baghdad region which will have a population of 6.7m by the year 2000.

The work has involved carrying out extensive surveys covering 16,500 households, 80 per cent of employment in Baghdad

and numerous other traffic, parking and pedestrian surveys. The intention is to produce an urban transport master plan for roads, rail and water and set up the appropriate management and organisation for a local planning capability by mid-1982.

With a view to the latter, a number of Iraqi trainees have been employed in the consultant's Baghdad office and will shortly make a study tour of the UK.

### £5m oil pipelines

THREE contracts totalling nearly £5m have been awarded to the Industrial Engineering and Construction Division of John Laing Construction by the Property Services Agency.

Construction of 158 km of fuel oil pipelines in Scotland and Lincolnshire is called for. Work has just started on one contract worth £1.7m, to lay 68 km of pipeline from Inverness and completion is due in about 18 weeks.

A further 92 km of pipeline, comprising two separate contracts, together worth £2.8m, will extend from Nottinghamshire into Lincolnshire. Due for completion in 19 weeks, the

pipeline will be laid under the River Trent about 50 roads and four railway lines.

For Carlisle City Council John Laing is to undertake a £800,000 contract for 32 two-storey flats in the city. Work has started at the Lorne Crescent-Randall Street site and completion is due by September next year.

The same council has also placed a contract worth £140,000 with Laing covering improvements to 16 pre-war flats at Dobson Road, Carlisle.

Work involves minor internal rewiring and the erection of rear bathroom extensions. The job has started and is scheduled to be completed by January, 1981.

### £3½m worth in Scotland

CONTRACTS together valued at over £3½m have been awarded to Sir Robert McAlpine and Sons for jobs in Glasgow and Clydebank.

In St. Vincent Street, Glasgow, a five storey office block is to be built for North British Properties for occupation in 1981 by whisky distiller Whyte and Mackay.

At Clydebank, Neale House (Caledonia) has authorised the

commencement of phase two of the Clydebank shopping centre, the first phase of which was completed by McAlpine in 1978.

Over 8,000 square metres of covered shopping space in single and double storey units will be provided. Construction generally will be concrete and brickwork frame. Completion is programmed for December 1981.

### Welsh work for Mears

THE COUNTY of South Glamorgan has awarded a 15-month contract valued at £1.3m to Mears Construction for the East Moors Link Phase 1, Cardiff.

This scheme, situated in the south-eastern part of the city, will provide a link from the existing Rover Way into the industrial area of East Moors which is currently under redevelopment.

Included in the 1km length of single carriageway is the con-

struction of two elevated roundabouts and a prestressed concrete composite bridge deck with reinforced concrete abutments set on deep foundations of grout-filled, over the railway lines.

Because of poor conditions, the 140,000 cubic metres of imported fill material is to be pulverised fuel ash.

Fencing and lighting works are also included in the contract.

### Development project for Malawi

THE MINISTRY of Agriculture and Natural Resources, Malawi, has appointed Huotung Technical Services (in association with Sir M. MacDonald and Partners of Cambridge) as agricultural and civil engineering consultants for the Lake Shore Development Project.

This is intended to increase agricultural production over an area of about 4,500 square kilometres, with emphasis on rice, groundnuts, maize and cotton. It also aims to raise the level of farm incomes and improve the infrastructure to that of other regions of Malawi.

The project is estimated to cost £7m (at 1977 prices) and is being financed by the European Development Fund.

Huotung is responsible for project management and technical assistance and MacDonald will supervise construction of project works and advise on construction and agricultural plant and equipment. Works include 100 km of new road, upgrading of 375 km of track, provision of 64 boreholes with concrete aprons and other improvements.

Another rural development project for both consultants is the Jebel Marru in Sudan. This appointment follows a report submitted jointly by Huotung and MacDonald in 1979, as a result of which the European Development Fund agreed to provide funds for the project.

Main objective of this is to raise agricultural production in 48,000 square kms in the most westerly part of Darfur Province.

The project will be centred at Zalingei, and the engineering consultant will provide a senior civil engineer who will be responsible for the engineering department for the initial years, until a senior Sudanese can take this post.

The work of the civil engineering department includes improvement of the road system, stock watering and small irrigation schemes, where appropriate.

The main consultancy contract, signed recently, followed an advance consultancy appointment last February for preparatory work which has now been completed.

### Tyne and Wear Metro

THE Tyne and Wear Passenger Transport Executive has awarded a £4.8m contract for the Metro section between South Shields and Tyne Dock to Balfour Beatty Construction.

Ove Arup and Partners is the engineer for the whole of the works which is some three kilometres in length and will include a number of new structures together with the widening and strengthening of others. Construction is to start in September and is scheduled to be completed towards the end of 1982.

For the most part, says Ove Arup, the route will follow the line of the existing single track railway only utilising British Rail track for short distances at each end. From South Shields where a new station is to be constructed in part over the existing King Street Rail Bridge, the line will be carried over a road

bridge and sidings by a new viaduct which will attain a maximum elevation of 11.25 metres above ground level.

To the south of the viaduct, there will be three tracks, including the re-aligned mineral railway. This part of the route necessitates further excavation of a rock cutting to attain required grades and achieve widening to accommodate not only the three tracks but also the new Chichester Station. Existing road bridges on each side of the station will be replaced by one new road bridge.

From the station the route will still follow the mineral line, embankments being widened where necessary. At the southern end of the section the Metro will connect with British Rail suburban track to a new station to be constructed at Tyne Dock. The mineral track will then rejoin the existing line to Boldon Colliery.

### To construct reservoir

PORTSMOUTH WATER COMPANY has awarded a contract worth about £1.8m to Biwater Shellabear for the construction of High Wood Reservoir at West End near Southampton.

This should take about 18 months and involves the construction of an open reinforced concrete raw water reservoir with a total storage capacity of 133,000 cubic metres.

The reservoir is required for bankside storage from the River Itchen abstraction to overcome problems from possible accidental pollution of the river and its capacity is equal to two days' maximum output from the nearby Itchen treatment works.

Its site is complicated by the nature of the sub-soil which consists largely of low permeability silty clays which provide a soft foundation.

### New headquarters planned

OUTLINE PLANNING permission to establish new headquarters on a site at Westhills on the outskirts of Aberdeen is being sought by William Tawse development will represent an investment of about £2m. If planning permission is granted, it will take about 2½ years to complete the move.

In addition to the company's head office, the new site will accommodate units for plant and transport maintenance, formwork manufacture, and stores.

Steel fabrication company under Tawse management, Calneco Fabrication, will also be accommodated on the site.

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## MATERIALS

### Improves look of floors

GOOD LOOKS, extended life and simpler cleaning operations are promised with a new surface coating for hard floorcoverings developed by Hushon Chemical Company, Stretford Motorway Estate, Barton Dock Road, Stretford, Manchester (061-568 8048).

Producing a high gloss or matt finish on all types of hard floorcoverings—but wood and vinyl in particular—the coating is called Photogla and is stated to be basically an acrylonitrile-thane which is polymerised or cured by ultra violet light.

Since no solvents need to be evaporated off, uniform layers of guaranteed thickness can be produced it is claimed. Polymerisation can be carried out in compact cabinets occupying little floorpace and requiring low energy input.

### Standard roof units

HITHERTO ONLY made to specified dimensions, Siporex reinforced concrete roofing units are now to be made in standard sizes. Aerial Concrete, which is a member of the Ready Mixed Concrete Group, is producing the units at its Lifford, Essex works which was opened last year and is now entering into full production.

The latest units are to be known as Siporex 2000 and 3000 and will be 75 mm thick, two metres long and 100 mm thick, three metres long respectively. Widths will be standardised at 600 mm.

Aerial Concrete, which is a member of the Ready Mixed Concrete Group, is producing the units at its Lifford, Essex works which was opened last year and is now entering into full production.

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### R. Mansell gets £3m

AMONG orders valued at £3m announced by R. Mansell, are projects requiring refurbishing, renovating and rebuilding.

Property Holding and Investment Trust has placed a £1m order for refurbishing and modernising 33,000 square feet of office space at 1/2, Vincent Square, London, S.W.1.

Work valued at £670,000 for Peranka Investments is for extending and refurbishing an office block in Willesden Road, London, E.1, while Prudential Assurance has placed orders valued at £300,000 for external renovations and stone cleaning for Paramount Court and Kent House, London, W.1.

Rank Hovis has placed a £220,000 contract to be completed in nine months for altering, extending and refurbishing the building at 42, Lowndes Street, London, S.W.1, and at Grove Park Hospital in south east London a £200,000 contract involves upgrading hospital kitchens.

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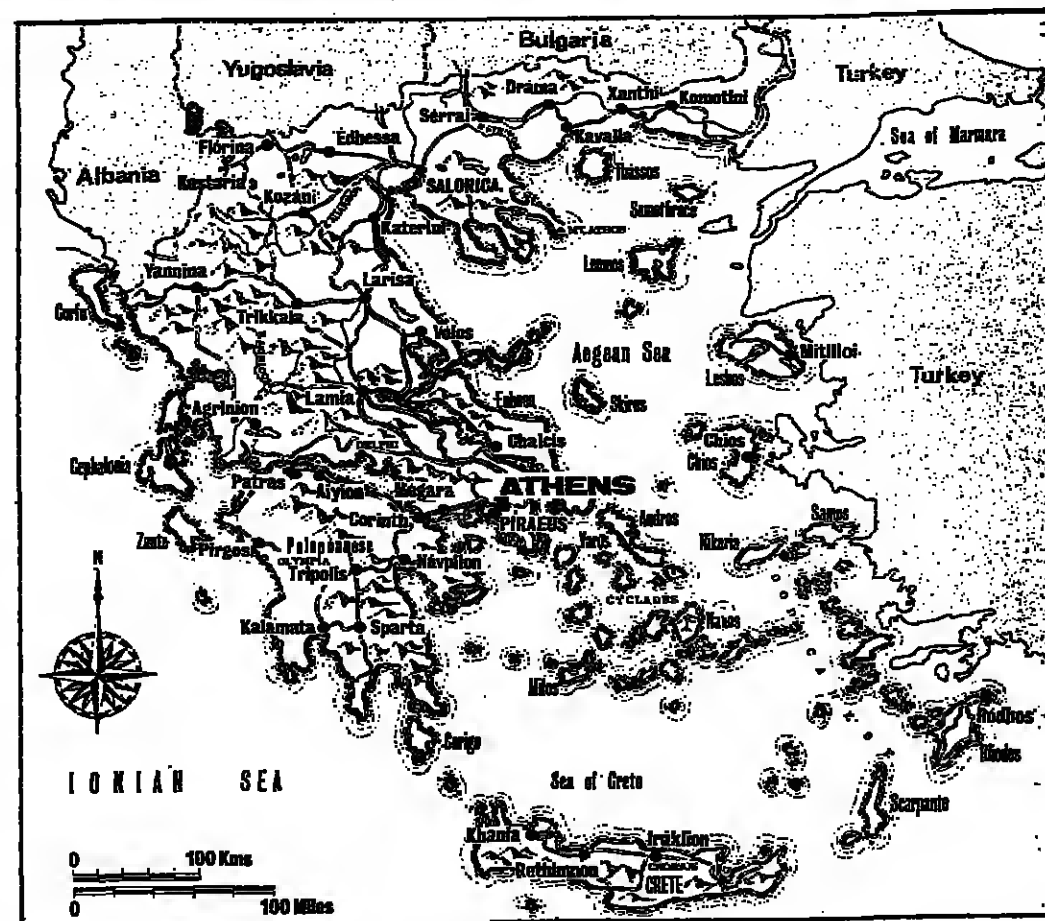


# FINANCIAL TIMES SURVEY

Monday August 18 1980

## Greece

The political system is stable but a stagnant economy and high inflation are challenging the relaxed progress of the last few years. There are pressures for social change, and problems of EEC membership have to be resolved as does Greece's future relationship to NATO.



### Testing time on the way

By David Tonge

THIS SUMMER a cloud of pollution has been hovering over Athens, trapping the heat and threatening the ancient monuments. The Greeks are fond of symbolism and some have been asking if the cloud is an augury of trouble ahead. It is a question which needs to be asked as, electorally and economically, the real test of post-junta Greece is still to come—probably next year.

At the political level the Parliamentary system seems more stable than at any time since the colonels handed over power to Mr. Constantina Karamanlis six years ago.

But a stagnant economy, 25 per cent inflation and the first signs of balance of payments problems are beginning to challenge the relaxed progress of the past few years. The pressure for change is growing in a society whose structures of government, bureaucracy, official attitudes, family law and di-

gista controls date back to the early 1950s or before.

From next January, when Greece becomes the tenth member of the European Community, these problems will be those of Western Europe. In many cases the link will be only indirect. But in one area the problems of Greece are spilling over in a way which can no longer be put discreetly to one side. This is the whole defence relationship between Athens and its allies.

In August 1974 Mr. Karamanlis took Greece out of the military wing of NATO. He saw the step as the best alternative to being forced by public opinion to declare war on Turkey. Now arguments with Turkey over the division of command and control in the Aegean Sea are preventing Greece's return.

The West's failure to put pressure on Turkey has caused the emergence within the Government of the criticism of America which has long resounded in the streets. A year ago Ministers were saying that only when Greece's relationship with NATO was clear would they define the terms on which the important U.S. bases in Greece would be allowed to operate.

#### Request

Now there is an increasing articulation of threats to the bases and the determination by the Government to withdraw the request for integration if the matter is not solved before the next elections.

In the past there has often seemed more bark than bite in such statements. But today they need to be taken seriously—for

two reasons. The first is that elections have to be held within 15 months and the Government is reluctant to give the anti-U.S. card to an opposition which is growing in strength—and says it wants Greece out of the Alliance altogether.

The second is that elevation of Mr. Karamanlis to the country's Presidency two months ago is leading to greater shifts than expected. The Presidency is proving more akin to that of France's Fourth Republic than the strengthened Gaullist Presidency of the Fifth.

His successor, Mr. George Rallis, is emphasising continuity, but he himself is a pragmatist and a younger generation of Ministers has now risen to key offices. The demands of public opinion have to be listened to in foreign policy. And at home accession to the EEC and the economic problems of the country are forcing changes on them.

The most crucial and most controversial change under discussion just now is a radical reform of the whole structure of rules and regulations by which Greece has long been ruled. These police every aspect of banking, investment decisions, industrial operations and imports. Though economically inefficient, they also underpin the elaborate system of patronage on which Greek politics has long depended.

Part of the ruling New Democracy's strength derives from how those in power in Greece can, as has happened for decades, help the citizen navigate through the numerous rocks and whirlpools of Government regulations. It is this system which largely explains

#### Supremacy

The military defeat of the mainly Communist Left was followed by years of conservative supremacy. In the end this supremacy was only maintained by violence and electoral fraud, but its most important consequence was that a purged and monochrome Greek establishment came to identify reform with revolution.

The refusal to accept the change supported by the electorate in the mid-1960s led to the unrest which, partially fostered by the colonels themselves, became their pretext for denying the late George Papandreu and his son Andreas their expected electoral victory.

When Mr. Karamanlis returned from self-exile in 1974 he carried all before him. As he himself said that year, it was an opportunity which would not come again. History will record how he dismantled the

junta; had the courage to accept that Greece could not determine the fate of Cyprus; ensured an honest referendum which hurried the fratricidal issue of the monarchy; established and presided over a working Parliamentary democracy; set the army about its proper task of guarding against external threats and linked Greece to the EEC.

These achievements ensure him a continuing charisma. But as the years have gone by so he, now aged 73, has changed from a national to a party figure. He has also been slow to implement the social changes for which many Greeks were looking when the junta fell.

The tax reform year was to be 1975. That reform never came. That year also saw the constitution decreeing that men and women should have equal rights. But family law still denies mothers most rights over their children. When an official committee reported on the changes necessary, the Minister of Justice commented that he would not preside over the dissolution of the family. That the constitution allowed seven years for the change does not alter the fact that in general reform has been at a glacial pace, that civil marriage has yet to be introduced and the Church has been able to prevent a permanent liberalisation of the country's rigid divorce laws.

Public services remain poor and education starved of resources. Technical colleges have been introduced and, an important development, the demotic language has displaced the artificial Katharevousa beloved by traditionalists. But

nonetheless only one applicant in five finds a place in Greek universities and a quarter of Greece's university students are to be found in colleges abroad. The security forces remain heavy-handed and openly in favour of the Right.

Such issues, though giving a flavour to society, are less important, however, than the fundamental economic strides that Greece has made over the years. The war widow has given way to the insouciant youth of today. Electricity, roads and television have broken down the local habits of the past. Emigration has emptied the mountain villages which, through the centuries, resisted authority of all sorts. The consumer society, with all its strengths and weaknesses, is alive and strong.

#### Habits

A Jeremiah might stress that the economy depends heavily on speculation and moonlighting and that the poor have a daily battle for survival. The economist can argue—as does

the Organisation for Economic Co-operation and Development—that productive investment must be increased if Greece is to respond to the challenges of entry to the EEC.

Such criticisms explain the continued rise of the opposition. But the Cassandra often neglects the degree of prosperity visible all around. Through the centuries the Greeks' entrepreneurial skills have defied the rules of the textbooks. Entry in the EEC is liable to make the largest demand yet on these skills. But the extent of the stakes which many Greeks have in the continuation of today's situation is a strong reason why the present Government may be hard to displace.

Elections have to be held by November, 1981. The general forecast is that the Government will want to put entry to the EEC behind it and to establish its identity before going to the polls. The expectation is thus for voting next summer or autumn—unless the Government chooses to make an issue of the U.S. bases and ride Mr. Andreas Papandreu's nationalist horse.

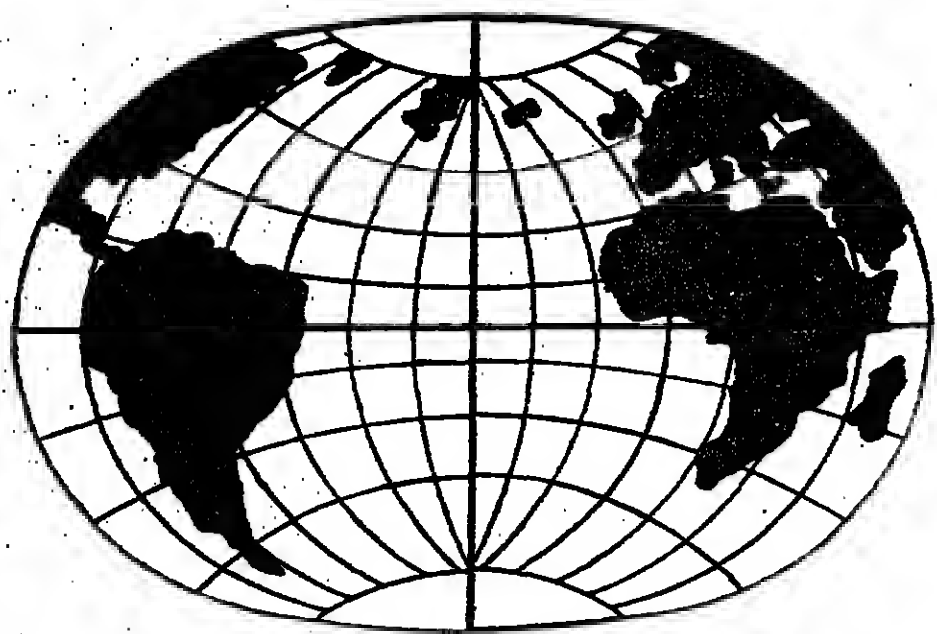
Last time round, in 1977, the New Democracy won 43 per cent of the votes and 58 per cent of the seats. This time it can hope to pick up some of the 7 per cent of votes which went to a now dispirited extreme Right. It can also hope to win from the largely disillusioned and dissolved Centre which won 12 per cent of the vote last time. But the loss of Mr. Karamanlis with his charisma and the widespread desire for change count heavily against it.

Many people say they wish to give Mr. Papandreu's PASOK a chance. In the last elections this party won 25 per cent of the vote. Next time it could run New Democracy close. It has the problem of being seen as a radical party yet needing to win the Centre vote. This is causing some agonising over the party's programme.

But Mr. Papandreu, who next year will be 62, 12 years younger than his father when he last became Prime Minister, is determined to avoid the conflicts of the past. As such he is un-

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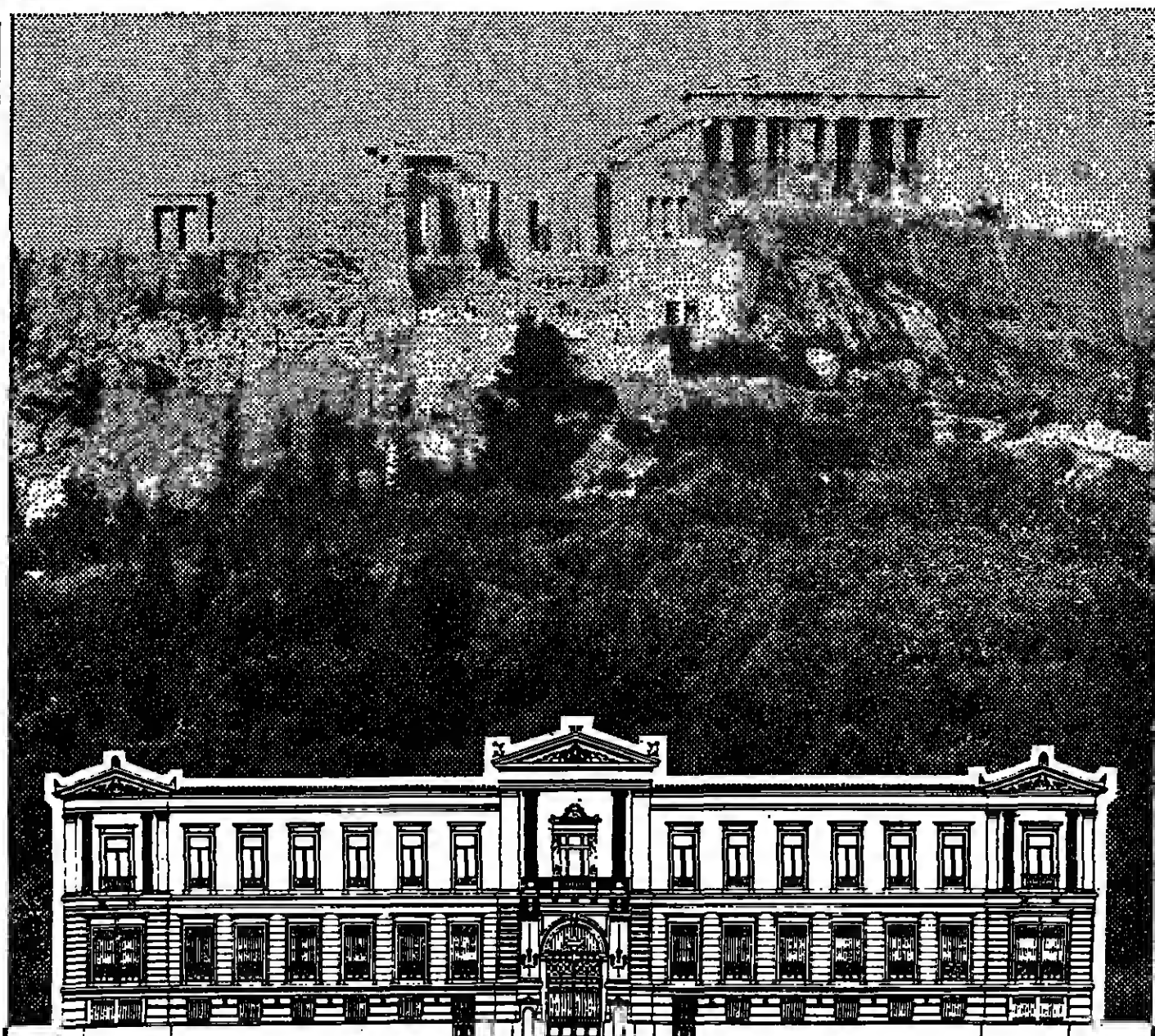


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# Country takes a lively interest in foreign policy

IRAN, AFGHANISTAN and, from across the border, the death of Tito, have caught the Athens headlines. There has also been a change of Prime Minister and an ending of the days when Mr. Constantine Karamanlis treated his country's Foreign Ministry almost as a secretariat.

Yet Greece's foreign policy remains largely unchanged. This in itself is little surprise: Athens has long predicated its policies on its unresolved disputes with Turkey rather than on wider global issues. But it masks the seriousness for the West of a situation which, by next year, could have Western chancelleries asking why they allowed matters to drift beyond their control.

## Comments

Greece has long been remarkable for the extent to which foreign policy is domestic politics. Before the 1977 elections one-third of those polled by an Athens daily newspaper named an item of foreign policy as the most important election issue.

There were some sad comments at the time that the proportion was low and reflected a sign of decadence. Yet, by Western European standards, it is a striking indication of the extent to which foreign policy has to be conducted in the full glare of public attention.

This remains the case today when any suggestion of discussions with Turkey on the Aegean causes the Opposition to ask if the Government is preparing to bargain away Greece's sovereign rights. It also means that almost any move by Washington or Western Europe is subject to far more intense scrutiny and debate than is appreciated abroad. This is particularly the case when it involves helping Turkey at the expense of Greece—as West Germany did recently.

The extent of this sensitivity over foreign policy is one of the three areas where the EEC's next member differs fundamentally from the rest of the Community. The second is in the intensity with which the Greeks believe that moralism is

the proper context of foreign policy.

On this subject they will even cite Mr. Bulent Ecevit, Turkey's former Prime Minister, who said that whereas Turks thought that private life was the appropriate area for ideals and public policy for realism, the Greeks were realistic in their private dealings but idealists over foreign policy.

The third, and perhaps most crucial, is that whereas the major West European countries have a tradition of imposing their will abroad, Greece's experience is the reverse. It was occupied by the Ottomans and the Nazis. It had to fight its war of independence. And there is a general perception that its recent record of seven years of dictatorship and of the loss of national pride in Cyprus is in some way to be attributed to the U.S.

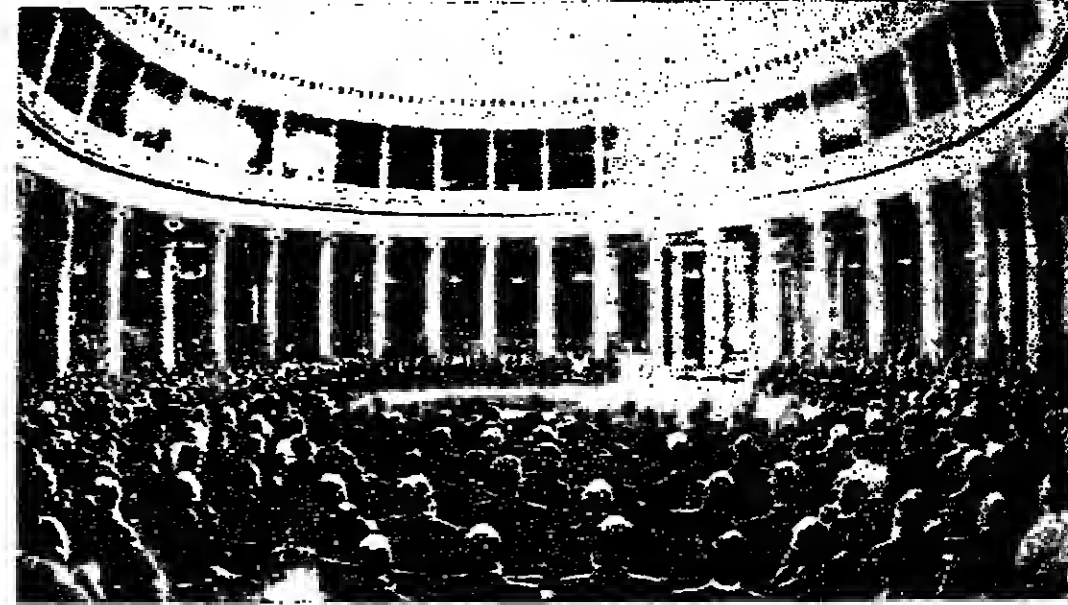
One consequence of this is that the average Greek sympathises more closely than do most West Europeans with the struggles of, say, the Sandinistas in Nicaragua and that they often vote with the Third

World at the United Nations. There is thus, for instance, nothing in the European initiative on the Middle East that they would find hard to accept. But a second consequence is that there is less willingness than in many EEC countries over accepting the U.S. lead in East-West relations.

The Greek Government never followed President Jimmy Carter's calls to boycott the Moscow Olympics. If that may have been largely because it would like the Olympics to have a permanent (and non-political) home in Greece, it is also true that Greece is far more worried about problems with its putative ally, Turkey, than with the Soviet Union. Only last year, for instance, it allowed Soviet merchant ships and naval auxiliaries repair rights on the island of Syros.

## Subdued

Within Greece the debate on its membership of the EEC is much subdued. The treaty of accession was signed last year and from next January Greece will be the EEC's tenth member.



The signing ceremony of Greece's Act of Accession to the EEC in Athens last year

Mr. Karamanlis, now the President, sees this as one of his major achievements. Further, the constitution allows him to block the referendum for which

his opponent, Mr. Andreas Papandreu, continues to call. Mr. Papandreu insists that he remains opposed to Greece's membership, but is now making

it clear that were he to become Prime Minister his party would find some form of co-existence with the Community.

He says that he wishes to have a special relationship which would protect Greece in the fields of trade and capital movement. He cites the EEC's accord with Yugoslavia as what he would have favoured. But he also says that he will work within the EEC at all levels and that he will co-operate with Spain and Portugal to help build a Mediterranean counterweight to the industrialised north in the Community.

However, positive relations with the EEC, relations with NATO and the U.S. remain unresolved and it is here that the threat to the West lies. On the one hand there is the problem that NATO has still not been able to work out a formula for Greece to return to the military wing of the alliance. Mr. Karamanlis withdrew Greece's forces from NATO command in August 1974, seeing this as the best alternative to waging the war with Turkey for which public opinion was pressing.

## Aegean problems

Some forms of military co-operation have continued, such as joint naval manoeuvres and exchange of squadrons with various NATO countries. But generally the cost to the alliance has been serious, especially in political terms. Further, the Greeks say that they will not sign an agreement with the U.S. covering the future of the important American bases in Greece—which include air force and naval communications, as well as the major naval base and airfield at Souda Bay on Crete—until the country's NATO obligations are clear.

On the other hand, there is the complex of issues involved in the Aegean. These include disputes over delimiting the continental shelf, questions of territorial limits at sea and in

the air, and problems of dividing NATO naval and air command and control responsibilities between the two neighbours.

It is these last problems which have prevented conclusion of an agreement for Greece's return to NATO. The arcane nature of the dispute sometimes distracts attention from the way that both countries have what they see as their vital interest at stake. In Greece's case, the odds are no less than the future of their outlying islands which run down the coast of Asia Minor. For Turkey, there is the need to ensure that Greece does not use the islands in such a way as to block its access to international waters.

The issue has been simmering for seven years, and has come to the boil at least twice, in 1974 and 1976. The depth of the passions which can be aroused was shown last month when riots took place on Rhodes when a Turkish Maritime Lines ferry began a regular service between the two countries. Such passions mean that whatever détente can be built between the countries' Foreign Ministers, progress remains hard to assure.

What makes it urgent for the West is that it is a case of now or—perhaps—never. Anti-Americanism is strong not just in the streets but for over a year among Greece's top administration.

Further, Mr. Constantine Mitsotakis, the Foreign Minister, says that if the issue of Greece's return to NATO cannot be solved, the present Government will withdraw its request for reintegration before the next elections. This, he says, would mean that there would remain no purpose for the bases to stay in Greece.

These elections are bound to lead to an increase in Mr. Papandreu's vote. If he fails to gain power it could be hard for a weaker version of the present Government to make a fresh application. If he does gain power he says that he will seek to leave NATO's political wing and close down the U.S. bases.

These are his long-term aims; his tactics have more nuances. He points out that a large country like France took a year to leave NATO, that Malta needed several years to close down the British bases, and that President Castro still has to live with the U.S. base of Guantanamo. His actual moves could thus be less radical than his party's long-term slogan of "out with the bases of death."

But the implications are clear. Gen. Bernard Rogers, the Supreme Allied Commander in Europe, is now again trying to bridge the gap between Greece and Turkey. The Greeks even say that they are beginning to see grounds for optimism. If they are wrong, however, messy the situation in Greece today, these could be the West's halcyon days.

David Tonge

## Faltering economy in need of radical handling

THE GREEK economy is faltering. It has done so before—in 1974 when long years of mismanagement by the Colonels and the effects of the oil price rise combined with the uncertainties following the fall of the junta. But this time the underlying situation is more worrying.

Four months before the country is due to enter the EEC, output is stagnant if not declining, inflation is around 25 per cent and the current account deficit is expected to approach \$2.5bn, or 5.5 per cent of GNP. Greece, which for years has had an enviable record of virtually no unemployment, now faces a considerably rising number of jobless.

The approach of elections next year and the continuing rise of the opposition party, Pasok, increase the pressure on the Government to set the situation to rights. But the problem is that the need is not longer for a simple tinkering with the controls.

A recent confidential report by the International Monetary Fund observed that the Greek Government has been "less effective than intended" in implementing its policies to control inflation and limit its trade deficit.

But the Paris-based Organisation for Economic Co-operation and Development in its annual survey of the Greek economy to be published next month, goes further. It warns that the

balance of payments "will constitute a major constraint on the growth of domestic demand and reduce further the economy's long-run growth potential" unless exports are increased.

It says that altering this will require raising the share of investment and it observes that the investment climate has to be improved and profits from productive as against speculative activities increased if Greece is to respond to the challenges of entry to the EEC.

Over the years the Greek economy has built an impressive record of growth. The country ended the 1940s devastated by a decade of war, Nazi occupation and civil wars. However, through much of the next quarter of a century growth exceeded 7 per cent each year.

## Workshops

In many ways the growth was unusual. Manufacturing tended to lag, being characterised by the growth of a few large plants and the survival of the huge number of workshops which provide the backbone of industrial employment. An unusually large service sector developed, largely because of tourism. Shipping and emigrant workers' remittances became an important factor in the balance of payments, and growth was largely concentrated in the Greater Athens area. This now contains over one-third of the population and one-half of its manufacturing capacity.

Some of these characteristics were evident in Italy and another factor the two countries have in common is the development of a flourishing black economy. When the bank clerks came out on strike recently it was largely against Government measures which would have changed their work times and prevented many from doing a second job.

The widespread practice of second jobs is only part of the plethora of activities which cause the unofficial economy to be equivalent to no less than a further 25 per cent of the GNP. The extent of speculation in goods and land adds to the pressure on prices. Most of the earnings from these activities, like the important agricultural sector, are untaxed.

It is this which explains why even today, when non-agricultural sectors are in general showing a decline in output, conspicuous consumption in boutiques and night clubs remains high.

Tax avoidance and tax eva-

tion mean that tax receipts are relatively low. The tax system itself has long been the despair of the OECD, but repeated calls for reform have led nowhere.

Now Greece is committed to introducing a value added tax by the end of 1983. But for the time being the public sector borrowing requirement remains high—equivalent to about 6 per cent of GNP—and the authorities continue to rely on a complicated mixture of monetary policies to finance their budget deficit.

Entry to the EEC will reinforce Greece's agricultural sector, both improving its earnings and leading to some long overdue structural changes such as, it is hoped, the consolidation of the numerous scattered parcels of land which are such a feature in Greece. The balance for manufacturing and the important Greek artisan sector is more precarious—as the accompanying article on industry describes. The shake up in these last sectors may be delayed and protracted. But two areas where the EEC is already having an effect are exchange controls and of crucial importance, banking regulations.

Under its treaty of accession, Greece is committed to making the captive drachma largely convertible by the end of 1983. It is also required to introduce an inter-bank exchange market by the end of this year. The first steps in this direction are being taken later this month when a managed market is to start operations on a trial basis.

This market is to be phased in during October to take the place of the existing system whereby the Bank of Greece each day fixes the value of the drachma against the currency of Greece's main trading partners, according to Professor Xenophon Zolotas, Governor of the Bank of Greece.

The question of dismantling the remarkable series of banking controls which Greece has built up over the past 30 years is proving far more controversial. Like most countries in the post-war period, Greece, which had suffered hyperinflation and civil wars, introduced a series of strict banking regulations. But in the mid-1950s Greece decided that these temporary measures could become permanent instruments of development policy.

These regulations now control every aspect of banking—and through them influence invest-

## BASIC STATISTICS

Area	131,990 sq km (51,182 sq m)
Population	9.36m
GNP	1,465bn Drachma (\$3,846bn)
Trade (1979)	
Imports	\$9bn
Exports	\$4bn
Trade with UK	
Imports	\$273m
Exports	\$151m
Foreign exchange reserves (April 1980)	\$825.9m
Inflation (RPI) (April 1980)	24.9%
Unemployment rate	
Official	2.5%
Estimated	5%
Numbers remaining unemployed (Dec. 1979)	49,380
Currency: Drachma	
£=101.53 Drachma	

ment decisions. At one conservative estimate there are 82 separate bank lending rates established by central fiat. At the same time there are numerous regulations concerning the amounts that can be lent to certain sectors and there are also stringent compulsory reserve requirements.

It is generally agreed that the controls have not achieved their aims. On the contrary, according to one study by Mr. D. J. Halikias, economic advisor of the Bank of Greece, they have perpetuated the oligopolistic nature of Greek banking and industry, stifled the development of healthy credit mechanisms, discouraged firms from competing on price, and encouraged them to lend to traders, thus tying up working capital which should have been used for companies' development.

The IMF has joined in the calls for freeing interest rates, and the Government's own programme commits it to move in this direction. But as Mr. Eftymios Christodoulou, governor of the dominant commercial bank, the National Bank of Greece, says, the interest rates are only the tip of the iceberg. Altering them requires tackling the whole dirigisme structure, of which they are one manifestation.

The younger generation of Ministers which has risen following the latest Cabinet change supports moving in this direction. Mr. Ioannis Rountos, Minister of Co-ordination, says that reform of the banking system is essential for Greece to take advantage of its membership of the EEC and to help entrepreneurial activity. But the problem is that the present structure of controls was developed by many of the men who still rule Greece and by the direct ancestors of the ruling New Democracy Party.

In many ways this is the first major debate on reform which has been caused by Greece's entry to the EEC. Its immediate outcome is uncertain. Professor Zolotas says that as long as Greece suffers a high rate of inflation it is not easy to proceed with liberalisation. He adds that a committee is to study the matter and report by the end of October.

But the basic problem in Greece is that speculation in goods and real estate is better rewarded than the investment no which the country's future depends. Altering this situation requires not merely amending regulations but improving the quality of the State machinery. And this, it seems, is a problem for which no party has an immediate solution.

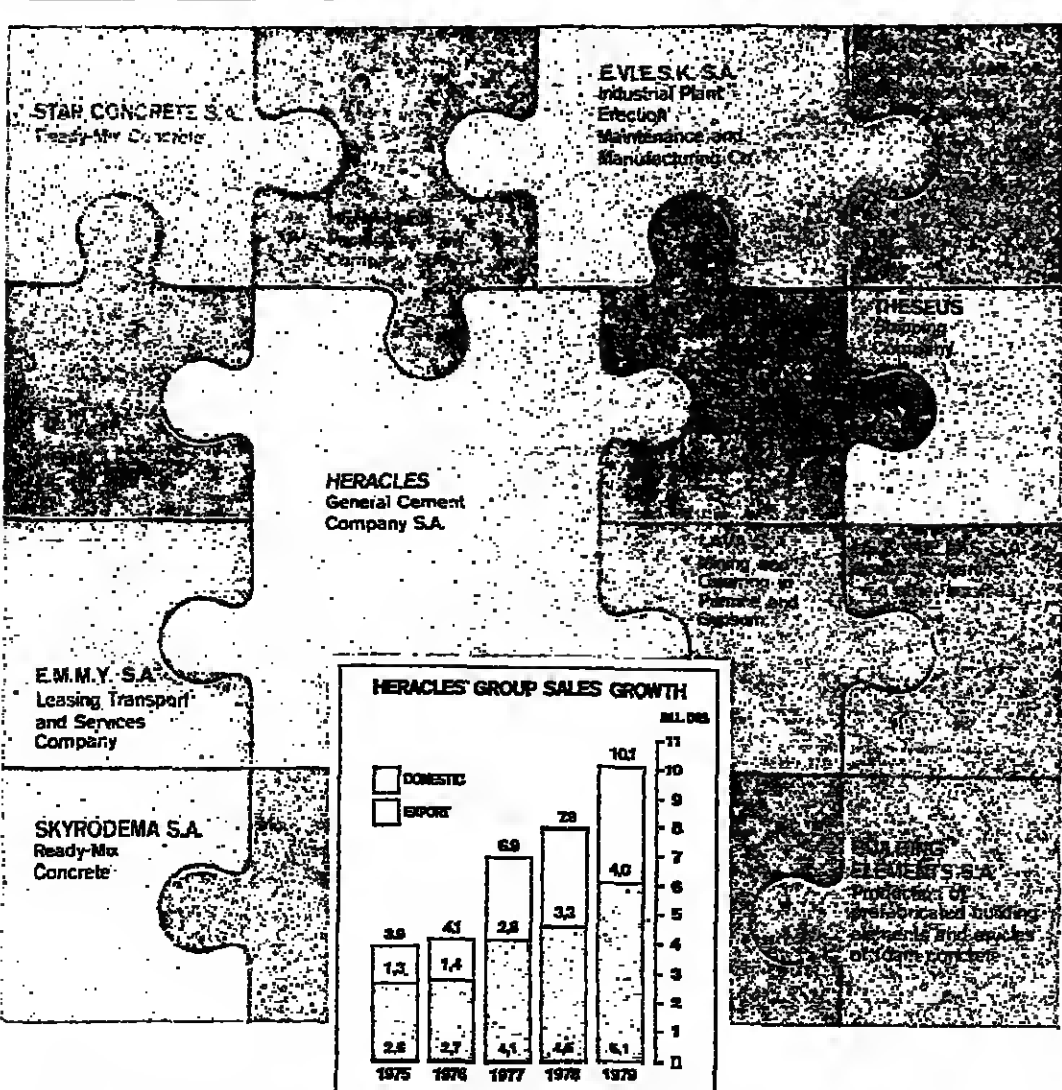
David Tonge

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# Industry must gear to EEC

THE INTEGRATION of Greece into the European Community will confront Greek industry with problems of adaptation which will be more complex than are generally admitted.

The Greek Government expects substantial advantages for the economy as a whole, although at a cost to several parts of its industrial sector. It argues that as an associate member of the European Community since 1962, Greece has gained considerable experience.

Rapid growth in industrial production and rising exports to the EEC are cited as evidence of the competitiveness of Greek industry. The Government believes that the customs union has more or less been achieved, the difficulties have been solved to the benefit of industry, and that the next logical step is the progress of the relations between Greece and the EEC should be full membership with all its advantages.

The EEC Commission, on the other hand, is more sceptical. Despite the undeniable success of its industrialisation policy in the past 20 years, Greece's industry still suffers from considerable weaknesses in comparison to most of the member states of the EEC. The reasons for this are to be found mainly in structural deficiencies: unbalanced sectoral development, great regional disparity in industrial production and the shortcomings caused by the predominantly small-scale of Greek manufacturing. The result is a growing trade deficit which is worrying Greek officials.

Almost 40 per cent of all enterprises and 50 per cent of the total labour force in industry are concentrated in the Athens/Piraeus area. Moreover, the predominance of artisan enterprises is typical of the structure of Greece's industry; about 95 per cent of all enterprises have fewer than 10 workers. Only the basic metals, tobacco, paper, textile and chemical and petrochemical industries may be considered medium- to large-scale industries.

Ministry of Industry figures show that today there are about 2,600 industrial units in Greece. The 120,000 small- to medium-sized businesses also play an important role. Industry and

small-medium manufacturing businesses employ about a quarter of the total labour force.

According to Mr. John Piperoglou, general secretary of the Federation of Greek Industries and managing director of Greece's largest maker of electrical appliances, there will have to be considerable restructuring of Greek industry.

"There will be traumas. Most companies whose operations depend mainly on local raw materials and a transport or local market advantage will survive. But others will disappear or will combine with bigger European companies. There are major opportunities for foreign firms to buy into Greek firms," Mr. Piperoglou says.

The share of industrial products in total exports to the community rose from 1.8 per cent in 1962 to 51 per cent in 1979. The EEC now takes almost half of Greek industrial exports, but a recent survey conducted by the Federation of Greek Industries revealed that nearly 60 per cent of exports are undertaken by only eight companies. Most industrial exports are relatively unfinished products such as aluminium and nickel ingots or cement.

The share of industrial exports to the EEC in the Community's total industrial imports is no more than 0.5 per cent, while in the case of textiles, often the subject of considerable controversy, it is roughly 1.5 per cent.

## Liberalised

Greek industrialists say that in a number of cases Greek exports to the EEC are impeded by quotas, countervailing charges and other administrative measures. However, according to a study by the German Development Institute (GDI), full membership will not bring a tariff-induced increase in exports to the EEC because the EEC has already liberalised trade with Greece.

On the other hand, tariff protection vis-à-vis the EEC is still so high today that the pressure of imports will start to make itself felt only when further tariff reductions take

place by 1984. The full application of the common customs tariff is not yet completed in the existing branches of industry in Greece.

The adjustment to the EEC will entail substantial reductions in tariff vis-à-vis imports from Third World countries. This will mean increased pressure on Greek industrial manufacturers. The tariff-induced import increases will probably lead to production cutbacks in Greece's traditional industrial sectors.

"If there is any truth in the assumptions that the rising pressure of imports will lead to corresponding drops in production and that specialisation will entail rationalisation of production, then Greece will be confronted with growing unemployment in the coming years," the GDI study said. It said that even if half of the artisan enterprises survive, about 120,000 jobs will have to be created anew.

It added that the pressure of imports from the EEC and third countries will not be so much of a problem for large concerns which are already competitive today by international standards, but one for the medium and especially small-scale industry. The sectors expected to face the greatest difficulties after enlargement are transport equipment, mechanical and electrical engineering and, to a lesser degree, chemicals.

Perhaps even more important than the lifting of the last Greek tariffs will be the dismantling of non-tariff barriers. The Community told Greece last month it was dissatisfied with these barriers which are affecting imports from the Community. Most quantitative restrictions will be abolished immediately after accession to the EEC: excluded are 14 products (including fertilisers, pumps, boilers, television sets, certain electrical goods and chemicals) on which limits will be increased gradually before full phase-out at end-1985.

Further, for certain industrial goods Greek importers have to deposit a non-interest-bearing amount of up to 100 per cent of the import value for six months. The import prices are therefore raised by the percent-

age loss of interest. The proportion of the common customs tariff of this deposit by 1984 will increase the pressure of imports on Greek production.

And there are other problems. Most of the Greek manufacturing industry realises the need to restructure thoroughly and become more modern and professional in their approach to business. However, family control has gone on for so long that an adequate supply of professional managers is sufficient quantity is not available at the very moment when Greek industry, long flourishing behind protective walls, is going to feel the need.

A recent OECD study found that the Greek banks tend to finance large plants at the expense of small ones. It said dependence on sources outside the enterprise is not only considerable but also fragile, since most external financing is by short-term bank credit on hard terms.

Further, the small establishments, together with the determination of manufacturers to keep the business in the family, all but rules out access to the rudimentary Greek capital market. The OECD study described Greek manufacturers' approach to business as "Malthusian" saying it consisted of slowing down the development of an enterprise in order not to lose control of it.

"The result is a kind of vicious circle, the essential elements of which are continued existence of small-size industrial establishment and the need for change in the pattern of bank financing, which would be facilitated by the existence of large industrial units capable of meeting bank criteria for long-term financing."

"The very strong determination on the part of the Greek manufacturers not to lose the share control of their business sometimes has the consequence even in the case of large industrial establishments that dependence on external financing remains considerable," the OECD study said.

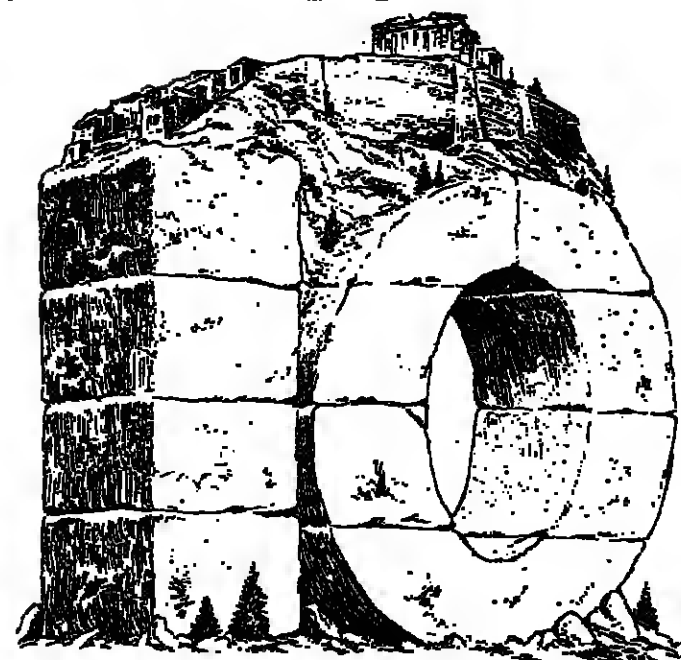
## Low ratio

Further, the severe restrictions on bank credit for trade mean that in practice industrial companies compete less in price than in the credit terms they offer to traders. This has considerably slowed down their own development. It has also led to a very low ratio of own to borrowed funds. In Greece this ratio is often about 25 per cent, compared with a ratio of between 40 to 60 per cent in most EEC countries.

Greece's repeatedly revised five-year plan—originally due to cover 1976-1980, then rewritten to span 1978-1982, and even today only partially published—says that in a country like Greece with a limited local market and relatively reduced technological standards, the import of foreign capital and modern technology is necessary for the efficient mobilisation of available productive resources.

Foreign investment capital imported into Greece since the inception of investment law 2687 in 1953 totals nearly \$2.6bn. The chemical, petroleum and coal, and the basic metals industries have represented the largest attractions for foreign capital, between them accounting for more than \$600m of the total \$940m invested in industry. Of secondary importance have been the sectors of shipbuilding and electrical machinery and telecommunications, accounting for a further \$150m.

The most important sources of foreign investment in Greece have been the U.S. (accounting for 22 per cent of the total investment capital actually brought into the country), France (15 per cent), West Germany (5 per cent) and Italy (3 per cent). In 1974 foreign companies owned 20 per cent of the assets of the top 100 Greek companies with the share rising to 62 per cent in basic metals and 30 per cent in chemical and



The tenth member of the EEC, as seen by Euroforum, published by the EEC Commission

electrical equipment. In the past, direct foreign investment has played a substantial role in the expansion of the industrial sector because it was mainly carried out in sectors which were underdeveloped in Greece up to then. The achievement of export quotas for approval of direct investment in the traditional

sectors has raised the export opportunities of Greek industry. According to the federation of Greek industries, the export share of the companies set up with the participation of foreign capital amounted to almost 70 per cent of total industrial exports.

N. J. Michaelson

## Church in a power battle

ROUND FOUR between the Greek Orthodox Church and the State is due to start this autumn. So far the score is 2-1 to the State. The latter has managed to ease anti-abortion laws and establish diplomatic relations with the Greek Church's great rival, the Vatican. But it had to back down in its attempts to introduce a permanent liberalisation of the country's divorce laws. In the end all it could do was put on the statute book for a mere six months a law allowing divorce without consent—and only to couples already separated for six years.

The forthcoming battle with the Bishops is more serious as it could deprive the Church of one of the central props of its influence—the fact that in Greece no christening, marriage or burial is possible without the Church. Now the Government proposes to introduce civil marriage. It is a crucial move, both because atheists cannot be married in Greece and because of its long-term implications for the Church's Archbishop Seraphim, who came out in favour of ceasing to "blackmail" people into participating in a ceremony in which they do not believe. But the Bishops, whose support is important, are not convinced.

## Influence

It is in such battles that both the influence of the Greek Orthodox Church and the reasons for its declining prestige become apparent. The influence stems from the Church's power as the religion of the State: Greece is the only country with a constitution officially recognising Orthodoxy. It still has its historical appeal of having kept alive the flickering flame of Hellenism during the long centuries of Ottoman occupation—as it does today among the Greeks in the diaspora. And it remains the country's largest landowner, with assets estimated at \$1bn.

All these and the power it has over the rituals of birth, marriage and death explain its ability to delay the social changes which all political

parties support. But in causing these delays it is to some extent stoking the flames of its own funeral pyre. Its prestige suffered enormously from the close links it kept with the colonels' junta. Since then its synod has been racked by doctrinal and personal quarrels. There have been accusations of scandals in the management of church properties and photographs published of a bishop and an actress—naked.

Other Western churches have responded to the decline in church attendance by seeking to give their policies greater social relevance. The Greeks have done the reverse. For example, they consider Jehovah's Witnesses, for their conscientious objection to military service, as "terrorists who should be shot." The Archbishop himself has shown himself open to the world, last year writing for instance to the heads of the churches of the EEC.

But this summer saw little progress in an attempt to encourage greater co-operation between the Orthodox and the Catholics. The churches of the eastern Rome and Rome itself had their great schism in 1054. Since then they have had only a short-lived period of agreement, following the Council of Florence in 1439. Today they remain divided.

Besides introducing civil marriage, the Government is also proposing to take on the cost of the salaries and pensions of the clergy in exchange for four-fifths of the Church's assets. This too is being opposed by the conservatives in the synod. But gradually their protests are beginning to echo as hollowly as the corridors in Greece's emptying monasteries. The decline, which is common to all Greece except the theocratic State of Mount Athos, the holy peninsula in the north, is general and historic. It is hard to see how it can be reversed.

Yet to stress the speed of the decline would be a mistake. The Greek Orthodox Church remains a force to be reckoned with.

David Tonge

## Labour troubles continue

It has been a difficult year on the labour front and further problems may be ahead. This year so far the banks have been shut for 38 days, shops and schools closed and the electricity company was brought to the brink of a crisis by labour disputes.

A bitter winter is predicted. Last year, Government attempts to hold back wages led to a substantial erosion of real incomes. This year the authorities have successfully imposed wage restraint in most of the public sector, with the strikes generally reflecting the unwillingness of other workers to accept a further fall in living standards.

The vigour of the strikes is in marked contrast with the fact that the official Greek labour movement is one of the weakest in Europe. It has suffered decades of political interference. The International Labour Organisation has recently been criticising the lack of protection of Greek unionists from dismissal.

This and earlier complaints by the ILO at working conditions in Greece and the absence of safety controls reflect the limited interest of the official trades union confederation, GSEE, in challenging a Government on



The mules which carry tourists up the 900 steps to the town on the volcanic island of Santorini. Last year the mule drivers went on strike to back pay demands

whose patronage its leadership largely depends.

The labour centres affiliated to the GSEE recognise unions, largely on political grounds. In the case of shop employees, a right-wing union with 500 members is affiliated with the labour centre of Athens, while a Left-wing union with 5,500 members has no official representation.

## Readiness

The GSEE says that this is because it wishes to discourage any further fragmentation of Greek unionism—but itself is keeping on the stocks building and hospital workers confederations, in apparent readiness to challenge the existing confederations controlled by the Left.

The degree of politicisation of the labour movement appalled a delegation from

Britain's Trades Union Congress which visited Athens recently.

Other points which have disturbed outsiders are the extent of official control of union finances and the way governments have resorted to drafting workers to break strikes.

International outcry when this drafting happened last year may have buried this practice, but employers have recently been taking advantage of a civil code provision which means they can sue unions for the losses their businesses suffer as a result of strikes.

So far this provision and the court procedures involved have been used to avert strikes rather than to fine unions.

D.T.

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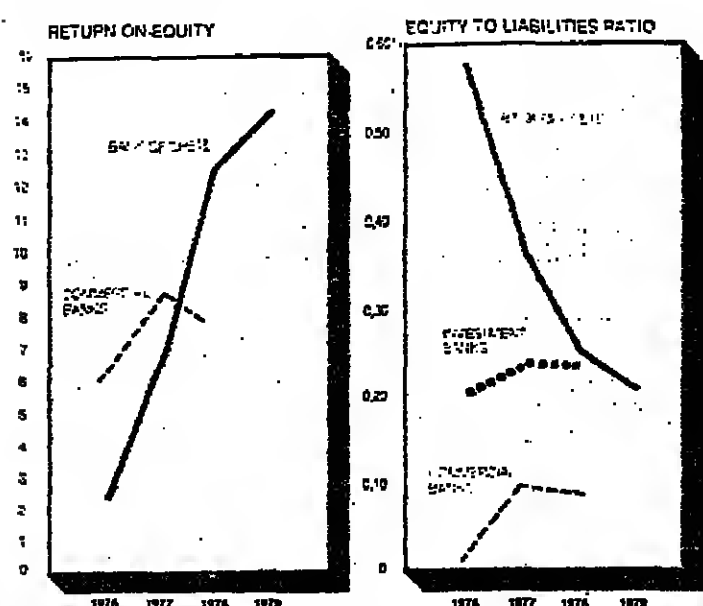


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In Million Drachmae	31.12.79	31.12.78		31.12.79	31.12.78
Cash deposits with local banks	7,563	2,185	Share Capital	1,204	602
Foreign Banks	1,734	1,154	Reserves	2,247	732
Deposits with Bank of Greece	2,750	1,468	Provisions	662	486
Interest-bearing Greek Treasury Bills	12,709	10,593	Deposits:		
Loans and Advances	30,981	26,052	Demand Deposits	10,820	4,823
Securities	1,778	1,717	Savings Accounts	27,558	23,386
Real Estate and Office equipment (less depreciation)	800	756	Time Deposits	11,462	10,553
Sundry Accounts	2,414	1,130	Sundry Accounts	6,776	4,173
				60,729	45,055
	60,729	45,055	Contra Accounts	35,210	28,057
	35,210	28,057			
Contra Accounts	95,939	73,112		95,939	73,112

# Banking reforms make slow progress

GREECE'S COMPLICATED banking system is the key to the country's economic development, and looking at the way that high growth rates were sustained through the 1970s it would appear to have unlocked the door to prosperity.

But in fact Greek bankers and Ministers in the three-month-old government headed by Mr. George Rallis now generally agree that the banking system is in need of a major overhaul. If anything, the key to the economy is looking out the changes now urgently needed to streamline Greek industry in the 1980s.

Greece has a highly centralised, indeed top-heavy, banking structure where just three banks account for three quarters of all banking business. One, the National Bank of Greece, mops up 60 per cent of all deposits. The monolithic character of the system not unnaturally tends to reduce competition, but it is the awesome array of State controls and government-decreed interest rates for different types of business that most stifles the banks' flexibility.

A decision-in-principle to liberalise banking controls that range from the around 100 different interest rates and over a score of loan rates has been taken by the Government. But the real issue of how best and how quickly to effect the reforms has so far done little more than highlight a potentially embarrassing split inside the Rallis Government on the wisdom of changing a financial structure that has all the strength of tradition.

With full membership of the Common Market on January 1, 1981 now less than six months away and general elections due to be held by November of that year during a deepening economic crisis, the pressures for

radical change are powerful. The ruling New Democracy Party must in any case introduce a variety of financial reforms to comply with EEC demands, while on the electoral front a sound case can be made for demonstrating that the present government is a tough and resourceful crisis manager on economic questions.

Yet the counter-pressures for proceeding slowly with any banking reforms are also very strong. The elder and most senior figures in the Rallis Government helped build the present edifice of controls, and used them as a dirigiste instrument for accelerating the difficult process of Greece's post-war industrialisation. They find it hard to dismantle a tried-and-true system, while the chief architect of the structure, Prof. Xenophos Zolotas, is still Governor of the Central Bank of Greece.

### Caution

Prof. Zolotas recently told the Financial Times of the need to proceed with caution on the complex task of reform, and indeed the lack of urgency with which an important executive committee that would oversee the work has been formed suggests to outsiders either inertia or delaying tactics.

Some related steps are under way, however. As a first move towards freeing the captive Drachma and allowing it to become fully convertible with other EEC currencies, an inter-bank foreign exchange market is to be launched on August 27 and after a period of dummy operation will work from after October as a means of fixing the Drachma's value on the basis of "authentic" (meaning non-speculative) transactions. Senior bankers in Athens are

sceptical that full convertibility will be achieved by the end of the five-year target date, but the controlled inter-bank foreign exchange market is nevertheless a major move away from the present system under which Drachma exchange rates are fixed by the Government against a trade-weighted currency basket.

A second move, aimed at diminishing the negative effects of Greece's exchange controls regime, also has been made. Foreign deposits held by Greek nationals—which because of the international nature of shipping and the large expatriate community are estimated to total \$1.5bn and upwards—are to be lured home by specially attractive interest rates.

Yet these changes have so far touched only the periphery of the problem. Under the present system Greek companies have bailed finance their own trading operations—and the liquidity needed to fund credit for their sales has not severely into industrial investment spending. Even during the high growth years of the mid-1970s, when GDP increased by about 6 per cent, investment was worryingly stagnant. A free interest rates market, where the best propositions or projects attract the best rates, and greatly-increased access to international sources of finance for the banks themselves, is increasingly urged as a solution.

The Greek banking sector is made up of the Big Three State-controlled commercial banks, four lesser State-controlled banks, three privately-owned banks and fewer than a score of foreign banking operations. Apart from the predominant National Bank of Greece, all the domestic banks have failed so far to spread their wings outside Greece and have relied heavily on the traditional cor-

responding system. The need for them to widen their deposit base and boost their lending through tapping the medium-term Euro-market and the inter-bank Euro-currency short-term market is more and more being stressed by Greek economists.

Indeed, the National Bank of Greece now plans an ambitious increase in its international presence. The bank's newly-appointed Governor, Mr. Efthymios Christodoulou, aims to boost international business currently handled through the bank's 40 various units abroad from the present 10 per cent of total business to 40 per cent during the 1980s. At today's values, that would mean lifting international business from about \$1.2bn yearly to more than \$5bn.

Significantly enough, one of Mr. Christodoulou's reasons for the international drive is the need to reduce the National Bank's overwhelming dominance of the banking sector and so encourage competition and growth in the smaller banks.

The National Bank of Greece is also attempting to tackle the problem of inadequate investment funding for industry with the setting up of its National Investment Company, which is intended to represent an "objective and coherent approach to stimulating investment" and which could be a pilot for further units of the same time floated by the bank.

Among the new generation of np-and-coming Greek Government Ministers—the "progressive" element of Mr. Rallis' Cabinet—there is nevertheless a view that the streamlining of the National Bank must be hastened. Mr. Ioannis Boutos, who holds the pivotal economics post of Minister of Co-ordination, believes that the liberalisation of interest rates will ensure the reorganisation of the National Bank by producing



Waterskiing at the new Porto Carras holiday resort, on the Halkidiki Peninsula

## Drop in tourists

TOURISM. THE country's top foreign exchange earner, may be on the threshold of a lean period likely to affect an already gloomy balance of payments picture.

Official figures for the first half of the year show that tourist arrivals were down by about 12 per cent. Hotel owners report reduced bookings even for the high season, which is usually marked with overbookings, and estimate the decrease for 1980 could finally be 15 per cent below last year's total of 5.8m tourists—this in the context of an annual average increase of 12 per cent in recent years.

Biggest drop was in American tourists, but the 308,000 British visitors in January-June was a 45 per cent increase.

However, the higher prices should keep the industry's income at about last year's level of \$1.7bn.

Mr. Nondas Solomou, President of the Greek

Federation of Hotel Owners, attributes the drop in tourist numbers to a general decline in world travel this year and Greece's relative distance which puts the country at a disadvantage because of increased air fares, the result of the energy crisis.

Hardest hit by the slump are the hotels in Athens, which report that business is down by almost 30 per cent, and cruise companies, many of which have had to tie up ships for lack of business. The only exception is the Dodecanese island of Rhodes, which has so far managed to chalk up a 15 per cent increase in tourists.

Mr. Solomou attributes this to the fact that Rhodian hotel owners did not increase their prices to the maximum level permitted by the National Tourist Organisation, and so could offer cheaper packages than other resorts.

N.J.M.

ferocious competition that could give Greece's smaller banks the edge.

How influential the "Young Turks" in the Government, such as Mr. Boutos and Mr. Stefanos Manos, Minister for Industry and Energy, prove to be in the debate over banking reforms remains to be seen. But it is already certain that some reforms will be required shortly

in order to meet EEG requirements.

In the field of interest rates there is the urgent question of abolition of Greece's subsidised export credit rate—which currently stands at 10.5 per cent in contrast to the "commercial" rate of 24 per cent ordained by the Government.

Giles Merritt

# Shipowners have to face responsibilities

IN ANY league table of the world's leading independent shipowners the Greeks are always near the top. They do not always have the largest fleets, but there are far more of them.

In Hong Kong Sir Y. K. Pao, C. Y. Tung and Frank Chao dominate the shipping community. In Norway there are the famous Bergesen and Reksten shipping empires. Sweden has the Salen family and Denmark A. P. Moller. In the U.S. there is the legendary D. K. Ludwig, who controls National Bulk Carriers. But after that one has to search for others.

In Britain the famous shipping families have faded into obscurity, while on the Continent shipping companies are either owned by the banks or the State. Greek shipping, however, remains very much a family business.

Every other Greek island seems to have fathered a major shipowner. The Lemos family comes from Oinoussai, the Kulkundis from Cassos, the Livanos and handtris from families from Chios, the Goulandris from Andros, so the list goes on. The 190-odd traditional shipping families from the rocky islands of the Ionian and Aegean Seas have been joined since the war by around 500 newcomers, such as the Onassis family from Asia Minor and Stavros Niarchos from mainland Greece.

The rise of the Greek shipping fleet over the past decade has been spectacular. While the fleets of traditional maritime countries such as Britain and Norway have been declining, the Greek fleet has been expanding rapidly.

In 1965 the Greek flag (two-thirds of which was registered under flags of convenience) amounted to 18.6m grt and was noticeably smaller than the UK fleet. Today, the Greek fleet (the bulk of which is now under the Greek flag) amounts to well over 50m grt and is roughly twice as big as the UK fleet. In terms of numbers of ships, Greece has around 3,500 whereas Britain has just 1,200.

Although it is difficult to measure the total size of the various national fleets because some ships are registered anonymously under flags of convenience, Greece's Ministry of Mercantile Marine believes that the Greek fleet is now the largest in the world.

### Good crews

For a country of less than 10m people to control 124 per cent of the world shipping fleet is no mean feat. The reasons for the rise of the Greek merchant fleet, especially during the recent severe recession, have been well rehearsed.

Aside from the entrepreneurial flair of the various Greek shipping tycoons, for whom

shipping is a way of life, a large part of the success is due to the relatively cheap and hitherto adequate supply of good quality crews.

On top of this, many West European owners insist on operating brand new ships. But Greek owners have often bought secondhand vessels. Financing costs are lower and the profits on astute buying and selling of ships have bolstered their financial reserves. In fact, over the last couple of years there has been far more money to be made in buying and selling ships than in purely operating them.

The other reason for the success of the Greek shipping fleet stems from its privileged position in the Greek economy. Greek owners paid only \$50m in taxes last year and many outside observers, particularly in the OECD, believe that the Greek shipping sector could easily make a greater contribution to the domestic economy.

Nevertheless, the rapid growth and success of the Greek merchant navy in recent years has not been without its problems, the most acute of which has been the developing shortage of good quality crews.

The pressure to recruit more seamen has manifested itself in a number of ways. In some cases crew standards have been dropping and wage rates have been rising, which has substantially eroded Greece's competitive advantage.

According to the Bank of Greece, a ship's master now earns 110,000 drachmas per month and a chief engineer the same. This works out at around \$13,300 per year, nearly the same as British levels.

The rise in Greek seamen's wages means that in many cases Far Eastern operators are able to crew their ships more cheaply. One solution has been to recruit more non-Greeks as seamen on Greek ships, but this is meeting with some opposition from the Greek trades unions.

Another problem which has resulted from the rapid growth in the Greek merchant navy is that its safety record has deteriorated. This is a complex subject and the Greeks are naturally sensitive to accusations that their ships are more accident-prone than others.

The trend in ship losses over the last few years has indicated that some flags, such as the Liberian and Greek, are more accident-prone than others. H. P. Drewry, the London shipping consultants, recently calculated that Greek losses averaged 0.97 per cent of the Greek fleet annually over the period 1970-78. This was nearly three times the world average.

Of course, there is always more chance that older ships will be involved in casualties than newer vessels. Since they are sometimes less reliable. In addition, if older ships are badly damaged there is less incentive to repair them because it is often not worth it. Hence many of these ships are categorised as losses in the statistics, whereas newer ships

would be repaired.

Nevertheless, the more responsible Greek owners admit that some Greek ships are more accident-prone than necessary. This is partly because many ships are involved in the "cross-trades." They never come near a Greek port for years and are not always checked as thoroughly as they should be.

To improve Greece's safety record, the standards of its marine academies are being greatly improved and the education of merchant navy officers upgraded. However, there are still some officers in their mid-50s who did not receive such good training and this is another subsidiary factor.

The Greek merchant marine's

efforts to improve the quality of some of its older ships is not purely altruistic. Greece joins the EEC at the start of next year and the Greek authorities are well aware that the EEC is drafting a directive on sub-standard ships which is designed to reduce the number of casualties around European waters.

Greek officials have already been involved in discussions on the directive and the powerful Union of Greek Shipowners has also made its views known to the EEC on certain sensitive areas.

The EEC, for example, had been planning to give pilots greater responsibility to say which ships can or cannot enter port. The Greeks want this

responsibility watered down and are anxious to see that other clauses are not inserted which might damage the competitiveness of the Greek fleet. They want the regulation of the ship to lie with the flag State rather than the port State.

The Greek shipping authorities are well aware that once they belong to the EEC the Greek merchant navy will be the largest fleet within the Community and the EEC as a whole will control a third of the world's shipping. This will provide important political advantages. But it will also carry responsibilities and improving the standard of Greek ships will be one of them.

William Hall

## Crete keeps its identity

There is a land called Crete in the midst of the wine-dark sea — Homer, *The Odyssey*.

ON THE south side of the southernmost island in Europe a marble statue has just been completed. It is to the Dutchman who taught the Greeks how to grow cucumbers in the plastic-covered hot-houses which now line its shores on the Libyan Sea.

The Dutch farmers are none too pleased with their colleague; his work cut into their markets in West Germany. But with Crete this year exporting around 50,000 tonnes of cucumbers he is both a witness to the island's economic potential and something of a hero in an island whose people are in any case larger than life. Their spirit of fierce mountain independence has seen them through centuries of foreign occupation. It has given them a disdain for Athens and authority of which the latest manifestation has been the descent this month of thousands of raisin growers in phalanxes of tractors to the cities to protest at a Government decision. It has left them with an identity apart from the rest of the country.

### Rivalry

Yet it also leads to a rivalry among Crete's four provinces which can be as intense as the disputes once were between Italy's city States. Only recently, endless quarrels over the siting of a university ended with the faculties having to be shared out.

Today, moustachioed and tall, Gretan men will tell the visitor that their island will be "the greenhouse of Europe." There is a basis in fact for this exaggeration, which is very much in the island's tradition of creating more history than it can consume locally. But the island's past perhaps makes it inevitable that truth and fantasy should be woven together.

Zeus was born and brought up in one of Crete's caves.

Odysseus was kept just off its shores by the nymph Calypso. The Minotaur pawed the ground of the labyrinth at Cnossos. That Princess Europa was the mother of King Minos, who gave his name to Europe's oldest civilisation, only serves to emphasise how, as Greece prepares to enter the Community which derives part of its name from the Princess, the wheel has gone full circle.

There are modern legends too. Some go back to World War II. The Battle of Crete in 1941 was one of the decisive struggles of that war. The Greeks and their allies may have lost the battle because of indecisive leadership, but they so massacred the Nazi crack 7th Airborne Division that—so the Creteans believe—the blitzkrieg on Moscow had to be delayed a fateful month and remained unfinished when winter fell.

The exploits against the German occupation forces were in the tradition of the raids on the Arabs, Venetians, and Ottomans who had earlier sought to set their stamp on the Greeks. And the most recent legend-cum-history is of the Cretan partisans who survived 34 years in the caves around the major U.S.-Greek naval base at Souda Bay.

As tourists swam off the nearby beaches, the partisans were systematically and vainly tracked and hunted by a whole generation of gendarmes. In 1949, at the end of the civil war, their band numbered 37. In 1974, when I visited them in the mountains, only two remained, each with a price of nearly \$100,000 on his head. In 1975 they were finally given amnesty.

They have since written a book and travelled the world. One, Spiros Blazakis, now lives in Athens. The other, George Tzombanakis, 60 years old and a tough 19 st, is saluted by Left and Right in his family village, where he is building a three-storey house and talks warmly of his exploits and of marrying. In the Lancastrian era Cret

Malmsey was drunk in England, and today local industrialists tell the visitor that the 500,000 people on the island could feed 3m. The age-old staples of olive oil, wine and grapes have been joined by hot-house produce and vegetables. Besides cucumbers, tomatoes, aubergines, and green peppers are grown in ever-increasing quantities.

CONTINUED ON NEXT PAGE

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# New generation beginning to emerge

N. J. Michaelson and David Tonge profile those who hold political power.

ACROSS THE street from the Athens Archaeological Museum is an open-air theatre where, surrounded by bougainvillea and overshadowed by the encircling apartment buildings, Athenians have been able to see one of Mikis Theodorakis's most striking works. The *Song of a Dead Brother* is somewhat silted as theatre, but its music has all the zest and melody of the composer at his best.

The story is a simple one, of two brothers on opposite sides in the civil wars of the 1940s, united only through their mother, the country itself. But what is striking is how that great divide of the civil wars still leaves its imprint today.

The final military defeat of the Left in 1949 was followed by long years of conservative supremacy which saw the emergence of many of those who rule Greece today. In the mid-1950s Mr. Constantine Karamanlis was Prime Minister, Mr. George Rallis Minister of the Prime Minister, and Mr. Evangelos Averoff-Tossitis Foreign Minister. Today they are respectively President, Prime Minister and Minister of Defence. Professor Karamanlis was then, as he is now, Governor of the Bank of Greece.

The three politicians reflect the mixed roots of Greek politics. Mr. Rallis comes from a long, almost hereditary, line of politicians and has all the confidence of that lineage as well as being able, pragmatic and gruffly honest in a way respected by his opponents.

Mr. Averoff combines the background of the Greeks of the diaspora—who have been important in the modern Greek State ever since it backed its



Four of Greece's leaders: from the left, Harilaos Florakis, Communist Party head; Andreas Papandreu, nationalist challenger; Constantine Karamanlis, now the country's President; and George Rallis, Prime Minister

way free from the body Ottoman—with that of the great trading families of Epirus. He is a more complex character, an author of note, a master of manoeuvre and negotiation, and an outspoken critic of the opposition.

This stand had won him strong support within the party and it was a major surprise that Mr. Rallis managed to beat him, by a whisker. The general feeling seemed that Mr. Rallis could better hold the new Democracy Party together and appeal to the centre vote on which the next election may depend.

Neither of these men ever had the public charisma of Mr. Karamanlis. The son of a school teacher who became a provincial lawyer, he was cast in a different mould. His popular appeal is in some ways in contrast to his own aloof and brusque character, his ability to accept only his own counsel and his willingness to appear but

rarely in Parliament and never before the Press. But his stamp is indelibly on post-junta Greece as, less successfully, it is on the last years of the conservatives were in power up to 1963.

He is now 73, Mr. Rallis 62, and Mr. Averoff 70. Just as these overtook their party elders in the mid-1950s, so a new generation is beginning to emerge today. Ministers like Mr. Ioannis Boutos (Co-ordination), Mr. Miltiadis Evert (Industry) and Mr. Stephanos Manos (Energy) represent both continuity and change.

## Continuity

The continuity is that they are largely from the old ruling class. One is a son of the police chief of Athens during the Nazi occupation as another is the son of a Prime Minister during that period. The change is that many of the new generation are

questioning whether the old system of dirigisme, rules and regulations is of any value, particularly in a country which is joining the EEC.

There is a caution about their radicalism as the system is the creation of the party whose heirs they are and of many of the men still at the top, such as Professor Zolotas, who is now 76.

The maverick in the Cabinet is Mr. Constantine Mitsotakis, the tall and unruddied grandson of Costis Mitsotakis, founder of Greece's Liberal Party and the man who launched Mr. Eleftherios Venizelos on his way to dominate Greek politics in the first third of this century. In the early 1960s he was the political enemy of his present colleagues, but he has since moved to the Right.

Those who lost out in the civil war are less well represented in public life. But one evidence

of the change in the past 30 years is that Mr. Harilaos Florakis, a Communist divisional commander in the civil war and long-time political prisoner, is now being invited to the graduation ceremonies of the schools of the gendarmerie officers who used to hunt down his men.

An avuncular figure of 68, he is largely unchallenged at the head of the Communist Party of Greece. This is one of the West European CPs closest to Moscow and has little truck with Eurocommunism. Its appeal to workers is strong and recently it had no problems in mobilising tens of thousands of workers to march on Parliament to protest at inflation, the sacking of workers for union activities and the killing by a factory bus of a member distributing leaflets.

The party's supporters include Mr. Yannis Ritsos, one of the country's great poets. Its relationship with Mr. Theodorakis has been uneven but is at present good.

The *Song of a Dead Brother* ends with a call for rock to join with rock and band with band, and for Greeks to unite round their "one tree, one root, one well." The work was written in 1960 and in many ways the call is now being heeded better than ever before. The divisions in Greek society are no longer fratricidal but equally there is no evidence of anything like the emergence of consensus politics.

The final and in many ways most crucial actor on the stage is a person who was put out of Greece during the civil war, Mr. Andreas Papandreu. He was a mercurial personality with a charisma which only Mr. Karamanlis can match.

His background is that of the establishment politician, and he has lived largely in the U.S. But his programme is a distillation of the fact that in so many areas of Greek society change is overdue.

## Crete

CONTINUED FROM PREVIOUS PAGE

Bananas, sweet but dwarf, exist. The next commercial fruit could be the pineapple, while the Ministry of Agriculture is trying to boost the avocado. Already flowers are a major export; 10m carnations were air freighted to West Germany, Britain and Switzerland last year.

At present Crete is responsible for about 9 per cent of Greece's agricultural production. It is a proportion which is expected to rise. Mr. George Vlahakis, managing adviser of the island's largest factory, the flour mills at Khamia, stresses the "tremendous possibilities" which the island's soil and climate provide. His own plant already exports to countries as far away as Vietnam.

He says that though there is talk of building a cement factory on the island the present main industries are those concerned with food processing. An industrial zone has been in operation at Iraklion since 1970, and Mr. Vlahakis, who is president of the Chamber of Commerce and Industry in Hania, calls for one to be established in his town too.

In the west of the island water is relatively abundant—and will become more so with the implementation of an irrigation scheme which backed by the European Investment Bank, would tap the subterranean water resources which build up each year as the snow melts off the White Mountains. These rise up to 8,000 feet and form part of the spine of the 180-mile long island.

## Experiments

In the east the soil is some of the best in Greece but water is so scarce that Mr. Emmanouel Stratakis, the Deputy Prefect of Iraklion Province, forecasts that an acute shortage could develop in five years unless new sources are found.

"For us, water is as important as petrol," comments Mr. Nikos Parasiris of the Development Service of Crete. But he describes how experiments on tapping solar energy are underway on the island's south coast and that studies have now been started on exploiting the wind

—as did the earlier Greeks who built about 10,000 small windmills on the plateau of Lasithi, east of Iraklion and just above that old seaplane base, the Gulf of Mirafello.

Like most of Greece, Crete suffers from emptying and ageing mountain villages, and now the islanders hope that their new surge of development will attract back some of the 800,000 Cretans who have emigrated.

Politically the island has always been a law unto itself. After centuries of being traded between the Great Powers—and a brief period under the Arabs as one of the main slave markets of the Mediterranean—it was joined to the mainland in 1912. It has a strong republican tradition, came out firmly against the colonel's dictatorship, and is now one of the most vigorous seats of opposition to the Americans' military presence.

Yet, perhaps surprisingly, it remains the place where the old patronage system of politics survives better than anywhere else in Greece. Mr. Constantine Mitsotakis, Minister of Foreign Affairs, seems to have an almost impregnable base among the citizens of his home town of Khamia. There, it is said, he has baptised or been baptised on 2,000 occasions. The resulting network of personal loyalties is an impressive creation.

Crete was where the painter El Greco grew up and it retains a flourishing culture. This, combined with its warm welcome to the foreigner, makes it some thing of a mecca for tourists. It has suffered less than most of Greece from this year's problems of the tourist trade. The facilities, moreover, are by and large good, including regular Air-Bus connections with Athens.

So far, none of the changes of the past few years has affected the easy-going nature of the Cretans. But as the story of the cucumbers has shown, they are open to innovation. It is this, the islanders will say, which shows that once again they plan to make their mark in Europe.

David Tonge

## EEC entry means gradual transition for agriculture

TWO SUCCESSIVE years of inflation running at around 15 per cent is not an enviable statistic for any country. But in the case of Greece it could have one beneficial spin-off, so far largely unremarked: a cushioning of any potential shock, both for the Greek consumer and the Brussels agricultural funds, of the country's accession to the EEC.

Inflation of this magnitude, following on five years in a row in the mainly upper teens, has narrowed the gap between Greek and Community farm incomes on the one hand and Greek and Community produce prices on the other. A couple of years ago, a European Commission estimate put the overall food price rise in Greece as a result of accession at 14 per cent. Now the Agricultural Bank of Greece is talking in terms closer to 4 per cent, and even that spread over a number of years.

Since the advantages to accrue to the farm sector from accession always stood to be rather less immediate than the effects on consumer prices in Greece, this dilution of the initially bitter draught could be useful politically if the next general elections in Greece should return a Socialist Government committed to holding a national referendum on the accession issue.

It should also take some of the steam out of arguments against accession likely to be aired during the actual election campaigning, while reinforcing a dawning appreciation that the overall effects of Greece's membership will be nowhere near so immediate or dramatic as some have feared, and others have hoped.

In fact, due in large part to the transitional arrangements, nothing much is going to happen on Greece's farms next January, or even next year. It will all be very gradual.

The accession agreement provides a general transitional period of five years covering

most agricultural produce, with seven years for fresh and processed tomatoes and fresh and preserved peaches.

The transitional measures concern essentially the progressive elimination of residual customs duties and alignment of Greek prices with those of the Community. During the transitional period, the difference between prices of Greek and Community products will be compensated for by a system of accession compensation amounts, as in the case of the previous enlargement that brought in Britain, Ireland and Denmark.

Also, a special transitional compensatory mechanism has been agreed for certain fresh fruits and vegetables. The Common Agricultural Policy (CAP) will start being applied to Greek agricultural products immediately after accession, but alignment of prices of Greek products to those of the Community will be completed gradually during the transitional periods, as will the grant of EEC income allotments to Greek farmers.

## Deficiencies

One problem occupying Greek planners, not only in the agricultural sector but generally, is the degree to which this country will be in a position to absorb available EEC funding, in view of its structural and infrastructural deficiencies.

Before full advantage can be taken of what the CAP can offer the necessary institutional framework in Greece to handle Feoga and other funds must be established. This must cover the establishment of intervention organisations, introduction of a better accounting system on a farmer's ledger, harmonisation of Greece's subsidy system to that of the EEC, and the creation of a proper infrastructure that will provide effective quality control.

Not only must such a framework be established, it must be

able to operate quickly and efficiently and to European standards. This is perhaps the critical factor since it has been noted, even at Ministerial level, that unless the proper framework can be established quickly, it may not be possible to draw from any EEC funds.

Doubts in this respect are compounded by a statistical middle that is unlikely to be finally resolved until the results of the ten-year census, to be taken in 1981, are available. At present, the number and size of Greece's farms and the percentage of the workforce employed on the land are not only undetermined but the subject of dispute.

The latest estimates range from 19.02 per cent to the Government's present figure of over more than 28.5 per cent. There is similar imprecision over the number and size of Greece's farms. According to the 1971 census, Greece had 1,036,800 farms covering a total 3,586,300 hectares, of which the smallest 230,000 accounted for a mere 113,500 hectares. But many of these smaller farms—Mr. Xenophon Zolotas, Bank of Greece governor, says "virtually all" of them—were in existence statistically but in fact are either abandoned or rented out.

While arguing that farm size alone is "not necessarily a secure indicator for comparisons between countries," since it takes insufficient account of the production mix and comparisons in economic results, Professor Adamantios Pepelasis, Agricultural Bank governor, said recently that the small size of Greek farms and their frequent fragmentation into small parcels "is probably the most serious structural problem faced by Greek agriculture."

Policy measures designed to encourage consolidation of scattered holdings and joint venture farming are admitted to have given disappointing results so far, but an increased

momentum is expected to be provided by accession, if only because the bulk of the funding will go to the more efficient units.

Five other structural changes needed according to Professor Pepelasis are:

- A more efficient use of water resources, especially for fruit and vegetable production;
- Reduction of excess farm labour, in the framework of a regional development policy providing a satisfactory rate of absorption of surplus workers in the non-agricultural sector;
- More effective utilisation of pastureland and production of cheaper feedstuffs for the livestock sector;
- Stimulation of co-operative marketing as well as farming;
- A further expansion of applied agricultural research and agricultural education.

The greatest danger, Prof. Pepelasis said, would be faced by marginal farm holdings and the livestock sector.

The latter faced "serious and chronic" problems of production, distribution and marketing, "as a result of which the survival of certain branches will be endangered after accession." Abolishing the subsidies on feedstuffs would "almost completely extinguish any profit margin for cattle breeders," while an analogous situation would arise for fresh milk and dairy produce as a result of current low productivity, extensive subsidisation and protection against EEC imports.

Looking at the issue from the opposite direction, there is now general agreement that Greek production is complementary to Community agriculture rather than competitive. And even for the exceptions, for example peaches and tomatoes, the quantities involved are relatively minor.

N. J. Michaelson

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12  
LONBARDNewspeak with  
NWICO

BY MALCOLM RUTHERFORD

THE MacBride Report on NWICO has finally been published, though such are the ways of UNESCO that that is not to say that it is generally available.

At this stage, you might reasonably ask: Who is MacBride? What is he up to? What is NWICO? Or even: What is UNESCO? I shall tell you.

Mr. Seao MacBride is a former Irish Foreign Minister—winner of both the Nobel and Lenin Peace prizes—who has an extreme attachment to the Third World. NWICO is the New World Information and Communication Order. UNESCO is an agency of the United Nations which was set up in 1945 to deal with educational, scientific and cultural matters with the aim of promoting international peace and the common welfare of mankind. More recently, however, it has been seeking to extend its activities to include information, and perhaps even setting ground rules for the world's media.

## Belgrade

The commission of which Mr. MacBride was president was set up by the UNESCO director-general, Mr. Amadou Mahtar Mbow of Senegal, in 1977 "to study the totality of communications problems in modern societies," which is another way of saying NWICO.

Its report is likely to form the basis of proposals to the next UNESCO General Conference by the director-general in Belgrade in September. In all probability, Mr. Mbow will have vast more money for his organisation.

The report wants "the democratisation of communication at national and international levels." It believes that "profits or revenues should not be the primary aim" of post and telegraph authorities; the latter, it says, are "instruments for policy-making and planned development in the field of information and culture."

It proposes that preference should be given to non-commercial forms of mass communication. It demands that the influence of advertising upon editorial policy and broadcast programming should be reduced, though without saying

how this influence is supposed to work. (There is an honourable footnote of dissent here from the American member of the commission.)

In the longer term, it would like to move to the establishment of an International Centre for the Study and Planning of Information and Communication; a sort of World Press Council with teeth. In sum, the report sees information as an instrument of state power which should be handled under the guidance of an inflated UNESCO.

In London the Foreign Office is in a dilemma about how to respond. It acknowledges that the report is glibly glib, though glibly glib is said to be the price you have to pay for international agreement.

It admits that most of the proposals are deeply repugnant to Western governments, not to speak of the Western media: the campaign against advertising, for instance, and it does not want to spend any more money—there is a proposal for "a major international research and development effort to increase the supply of paper," no doubt again under the auspices of that well-known cost-effective body, UNESCO.

On the other hand, the Foreign Office does not want to go against the international operation and what are said to be Third World aspirations. So why not go to Belgrade, give a little here and there, but generally try to tone down the more extreme proposals?

## Diversity

Here is why not. The report is a nonsense. It confuses information with propaganda and clearly prefers the latter. In attacking the idea of profit-making media it is attacking the diversity of information and opinion that one would have thought a commission including at least some journalists would have sought to defend. There is a basic prejudice throughout the report against the market economy. The subject is in any case beyond UNESCO's competence.

The price of going along with nonsense is yet more nonsense, for the Third World as much as for the rest of us. The Foreign Office should say so.

THESE ARE bad times for the free traders, and worse may come. The old game of exporting unemployment is being again.

The European Community, which has taken over responsibility for these matters, has some sort of machinery for dealing with the classical dumping of products. It is exceedingly slow in putting this machinery into operation, but at least it could do so in respect of industrialised countries with a free market economy where the export price of the dumped product may be compared with its domestic price or its production costs. This possibility exists quite clearly in the cases of the U.S. and Japan, which are at the top of the EEC anti-dumping list.

The problem becomes more difficult when dealing with state trading countries. There is a long list of products which these countries sell on western markets at prices with which western manufacturers cannot compete, ranging from Soviet motor cars and watches to Czech boots and East German furniture. The problem is more difficult because there is no direct comparison between the East European export price and the domestic price or cost price. The Communist countries use different rates of foreign exchange for different products, and even then only as a guideline. The optimum price which it is the duty of the exporter

to achieve is simply the highest price he can obtain on a given market at a given time. If it is less than what he paid to the producer, the difference is made good from the state budget.

Products imported from developing countries are in quite a different category again. There is no question of exporting for less than the domestic price but very often there is no domestic market for the product either. There is rarely any subsidy which would allow exporting under the cost price. But these costs are very low because the workers' only choice is accepting a subsistence wage or starvation: while jobs are scarce and trade unions non-existent, they will work under conditions and health hazards totally unacceptable in a western industrial society.

The EEC's unbelievably complicated scheme of generalised preferences applies a sort of means test, so that even a competitive developing country will be exempt from quotas if its per capita gross national product is particularly low and the least developed countries can export to the EEC completely duty free, with no ceiling applied.

It is quite unrealistic to believe that the possibility of selling at western prices, without any deduction for duty, will improve the lot of those employed on plantations and the Far Eastern sweatshops. On the contrary, if this sort of free trade was to be pursued on a

large scale, it would result in either the demanding of manufacturing capacities of the West, or a substantial worsening of working conditions in many industries.

An unsuccessful attempt was made recently to ward off such dangers with the help of the German Unfair Competition Act (UWG). Company A, which

produces and distributes in Germany products made of asbestos, particularly asbestos yarn and fabric for use in motor car clutches and brake linings, complained of unfair competition from Company B, which imports a part of its requirements from South Korea. The statutory health and safety measures which Company A is obliged to observe in Germany represent 20 per cent of its total production costs of asbestos yarn and materials.

By contrast, the manufacturers of the same products in South Korea are not obliged to take any of these precautions, and can offer their products in Germany at a price lower than the production costs of Company A and other German manufacturers. The market share of South Korean products, which amounted to 30.6 per cent in

1972, doubled by 1976, and has been increasing since. Company A went to court, accusing the importer, Company B, of unfair competition and misleading consumers. Company A argued that the South Koreans' competitive advantage was achieved because of unethical treatment of their workers and a disregard for

the plaintiffs asked that it should at least order that these products must not be offered for sale without pointing out that they were produced under conditions endangering workers' health. They argued that failure to inform buyers of these circumstances was misleading and in this way infringing Section 3 of the Act.

The action was dismissed by the Hanseatic Court of Hamburg, as was the appeal to the Hamburg Appeal Court. But the plaintiffs persevered and brought their case before the Federal Supreme Court (BGH). The Karlsruhe judges dismissed the appeal with less hesitation than I think it deserved. They reasoned that it was in the nature of competition that companies are put under pressure by others who can offer products at substantially cheaper prices. This could not be seen as an infringement of Section 1 of UWG. Moreover, no industrial health protection rules were infringed in the place where the products were made. South Korea was neither a member of the ILO nor had it acceded to the convention.

The BGH went even further than the Appeal Court in rejecting any possibility of taking into account "natural law" and stuck firmly to the positive law, very much in keeping with the German court's tradition. The point of disagreement concerned the view of the Appeal Court that the general concepts developed

in western industrialised countries, and reflected in the ILO Convention could be taken as an expression of a natural right, common to all humanity. Such principles, said the BGH sternly, are transformed into law only by positive rules, that is by legislation or international agreements. That had not been achieved by the ILO Convention, which requires the adoption of safety measures only from those signatories who have ratified it. Only 15 out of more than 100 ILO members had done so, and these did not include Britain, Canada, France, Italy and the Soviet Union. It was therefore impossible to accept, said the BGH, that the convention reflected generally recognised ethical rules.

## Concerned

The BGH confirmed the Appeal Court's view that the absence of information about the circumstances of production did not mislead the customers because they were interested only in the economic value of the products. Both courts agreed that, particularly in the case of products from developing countries, the conditions of employment of those who produce them were not of essential importance for the decision of the buyer.

That may be so, but whether it should be a question which is getting bigger every day.

BGH, Karlsruhe, Case 1/29 76/78 Judgment May 9, 1980, unreported.

## BUSINESS LEGISLATION

BY A. H. HERMANN, Legal Correspondent

producers and distributors in Germany products made of asbestos, particularly asbestos yarn and fabric for use in motor car clutches and brake linings, complained of unfair competition from Company B, which imports a part of its requirements from South Korea. The statutory health and safety measures which Company A is obliged to observe in Germany represent 20 per cent of its total production costs of asbestos yarn and materials.

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their health. It was, therefore, unfair competition in the meaning of Section 1 of the Unfair Competition Act.

To prove that the ethical concepts disregarded in South Korea were not a peculiarity of German legislation but accepted world-wide, Company A relied on the International Labour Office (ILO) Convention No. 139 of June 24 1974 for protection against carcinogenic asbestos and related occupational hazards. Germany passed legislation in 1977 to give effect to this convention.

Company A asked the courts to prohibit the sale of South Korean asbestos yarn and fabric in Germany and in West Berlin if produced with disregard to the health protection requirements imposed on manufacturers in Germany. Should the court not grant this application,

## Top jockeys miss chances

SOME FAR from inspired riding by Britain's most experienced senior jockeys, Joe Mercer and Lester Piggott, was one of the features of Saturday's racing at Newbury.

The champion, Mercer, rode one of the poorest races I have seen by him on Main Reef, in the Geoffrey Freer Stakes, a

with little room to deliver a challenge approaching the distance.

But whereas Waldron took his chance on the winner, when given half a chance Mercer dithered; and had to fall back to last place. By the time he had found a run on Joe's four-year-old, who had also been unlucky in running at Royal Ascot, the winner was beyond recall.

The general response to the announcement that Arlington Park is to stage the world's first million-dollar race for thoroughbreds in a year's time has been predictably encouraging. For Joseph Joyce, Jr., president of the Chicago track, the August 29 race, the Arlington Million, is the "ultimate target for all world-class milers."

Robert Sangster, too, clearly believes that the race will be the highlight of the 1981 campaign.

Racing best-known international owner breeder has this to say on the Chicago event: "The Arlington Million will be the ultimate test of world-class thoroughbreds over one-mile plus, with all the vital international significance for bloodstock breeding and values demonstrated by that distance."

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2.45—Romanceville\*\*\*  
3.15—Westwayne  
3.45—My Gem  
3.15—Ski Lift\*\*

## SCOTTISH

10.00 am About Town, 10.25 How The West Was Won, 10.50 News and Road and Weather, 2.00 About Britain, 2.30 Monday Matinee: Tarzan's Three Challenges, starring Johnnie Walker, 3.00 News, 3.30 Scotland Today News and Festival, 4.00 CrimeDesk, 12.15 am Late Call.

## SOUTHERN

10.00 am Survival Special, 10.50 Little House on the Prairie, 11.45 Larry the Lamb, 1.20 pm Southern News, 2.00 Houseparty, 2.25 Fantasy Island, 3.45 About Britain, 5.15 Survival, 6.00 Day by Day including Soapweek.

## TYNE TEES

9.30 am The Good Word followed by North-East News, 9.30 The Masterplan, 10.30 News, 10.45 Space 1999, 11.40 Adventure Canada, 1.20 pm North-East News, 1.30 pm News, 2.00 About Britain, 2.30 Monday Matinee: "The Naked Truth," starring Terry Thomas and Peter Sellers, 5.15 Father Time, 6.15 News, 6.30 News, 6.45 News, 7.15 News, 7.30 News, 7.45 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 4.00 News, 4.15 News, 4.30 News, 4.45 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 7.00 News, 7.15 News, 7.30 News, 7.45 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 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## THE ARTS

هكذا من النجوم



Donald Sinden and Suzanne Bertish

Leonard Burt

Aldwych

## Othello by B. A. YOUNG

As often happens, the RSC's *Othello* has improved on its journey from Stratford to London. In particular, Donald Sinden's Moor has changed almost fundamentally, both in appearance and in speech. He is now a convincing African, adopting the manners of the Venetians perfectly when he can, but relapsing into savagery when his emotions are too much for him. There is no special characteristic in his voice, apart from an emphasis on the letter "r", when he is in the company of Venetians, he is a Venetian.

Elizabeth Hall

## The Soldier's Tale

by NICHOLAS KENYON

From music to music-theatre is a small step, but it represents a giant leap for South Bank Summer Music, a concert series which has traditionally relied upon events which can be put together by a group of friends on minimal rehearsal. This weekend, however, there have been three performances of *The Soldier's Tale*, staged by Michael Kustow, who has also made a new English version of the text. On Friday night the hall was packed—unsurprisingly since the participants included Claire Bloom, Wayne Sleep, Simon Callow and Marina Gielgud.

Kustow chose to make the show a post-World War I *disfranchisement*. Miss Gielgud played as a Diaghilev-inspired princess; Mr. Sleep as a narrator, and declaimed elegantly, but for some reason retired back to the instrumental ensemble when she had to speak over them and—in

spite of her voice being miked—was drowned.

Mr. Sleep was the weak point of the Kustow reinterpretation: he danced and mimed powerfully, but when he spoke he delivered the bald English lines like "What am I going to do now?" with all the helpless petulance of a Michael Crawford. There seemed little battle for his son—I would have sold mine to Simon Callow at any point. The timeless struggle of not being what you once were and what you are today—emerged as the central theme in the soldier's tussle to take his new-found fortune and his princess back to his homeland. But Mr. Kustow's lively attempt to point the story's relevance to Stravinsky's own life was not effective—I would have preferred a simpler, tighter staging that reflected the miraculous economy of the music.

That music was realised with crisp, agile rhythms yet also with full tone and instinctively subtle phrasing by a first-rate ensemble of seven led by Pincas Zukerman and directed by Sylvain Cambiague. Before the interval, a different ensemble of six provided a perfectly contrasting complement to the wind-based sound of the Stravinsky with Schoen-

berg's *Verklärte Nacht*: first violinist Michael Tree was outstanding. As on every occasion I have seen a semi-staged work in the Elizabeth Hall, the lighting was directed with an amateurish incompetence which must surely have made Mr. Kustow and his players long for the sophisticated theatres next door. Why, indeed, wasn't *The Soldier's Tale* done in the Cottesloe?

## 'Chicago' midnight benefit in aid of Equity fund

Larry Parnes, the producer of the musical *Chicago* has announced a midnight gala performance of the show at the Cambridge Theatre on September 2. This charity performance, in aid of Equity's Theatre Emergency Fund, forms part of the agreement reached between Parnes and Equity's general secretary, Peter Plowman last month, when the union invested several thousand pounds in the show to prevent its closure.

On September 2 Larry Parnes will donate the theatre and the services of theatre staff. The cast is also donating its services without charge.

Further evidence of our decline in youth tennis can be found in the European cup competitions. A few years ago we were winning the Galtia Cup for the 20 and under group, but this year we lost in the qualifying rounds. Even the Anne Solihull Cup, in which we had enjoyed a long string of successes, was lost once our number one player, Jo Durie, was forced to withdraw through injury. Incidentally, this promising young player has spent the last four weeks under traction and her future must be in doubt.

Britain did not reach the finals of any of the age cups in Europe, and from the evidence of what talent we have to develop, there is little prospect of us doing so in the immediate future.

Why then are we in such sorry decline? Hutchins' opinion echoes the thought expressed by Tony Mottram and Shirley Brasher last week: "British juniors are not prepared to work

## Architecture

## Preserving our heritage

by COLIN AMERY

It is not often realised that our heritage—country houses, parks, villages and archaeological sites—are endangered by the presence of too many visitors. It is a well-known fact that we often kill the things we love and at this time of the year you can take a visit to a popular "stately home" and witness the effects of too many visitors.

The National Trust publishes an annual league table of numbers of visitors to their properties and a house like Chartwell in Kent (not a large property) survives the onslaught of more than 150,000 every year. Sissinghurst garden, also in Kent, somehow accommodates over 115,000 garden enthusiasts wandering along the narrow paths. Erdig in Clwyd, which is not exactly on the beaten track, had 76,000 people passing through upstairs and downstairs to see a vanished way of life. Many houses still privately owned have more than 100,000 callers during the season, which is usually at its busiest during July, August and September.

It is probably an exaggeration to say that these visitors are killing the houses—in fact it is their interest and their money that is helping to keep so many places alive. But, and it is a serious but, the very subtle atmosphere of the English country house can be easily damaged. Sometimes the work of preservationists themselves kills the atmosphere of a house. Too many houses have been expensively decorated by skilled and professional decorators who have unwittingly damaged the spirit of the place. Gardens too can lose so much by the wrong kind of planting and their atmosphere is rapidly destroyed by an enthusiasm for tidiness and order. I recently saw the knot gardens at Hampton Court for the first time for many years, and it is hard to imagine a more garish

and dubious "Tudor" planting scheme.

The National Trust is becoming more and more conscious of its responsibility to protect and maintain the atmosphere of peace and tranquillity that is one of the great benefits to be derived from a visit to a country house. One house which the Trust has recently acquired is Dunham Massey on Manchester's doorstep. The house was given to the Trust by the last Earl of Stamford who had lived there in solitude for much of his life. Dunham Massey will be a test for the Trust: can its extraordinarily untouched quality survive unscathed? The Trust has taken several important steps to safeguard the house and the magnificent park. After lengthy negotiation a car park has been built away from the front of the house and a special by-pass for the village of Dunham Town has been constructed. These two expensive steps have ensured that the formal design of the early 18th century park can be preserved.

The house is a mixture of

large grand rooms and intimate ones like the Stone Parlour and the Library. It has been decided that the small rooms, which would be ruined by the tramp of a thousand feet, will only be shown on limited occasions during each week. The kitchen wing will be shown to visitors which will allow a timed admission system to operate with some people seeing the servants' quarters while waiting to see the main house.

We, as members of the public, may well have to accept that the long term preservation of our heritage could mean limited hours of visiting and sometimes less public access. It is a sacrifice worth making and one that will help us to value our country houses in particular above the general run of tourist "attractions."

Dunham Massey is situated three miles south west of Altrincham and is at present open only to parties. Details from the West Midlands Regional Office of the National Trust, Attingham Park, Shrewsbury, SY4 4TP.



Dunham Massey house near Altrincham, Cheshire, which is being prepared for opening to the public by the National Trust

## Albert Hall/Radio 3

## Nielsen and Strauss

Nielsen discovered the organ only very late in his life, wrote for it a set of 29 tiny preludes and a single, quite unexpected masterpiece. But even now, when the most massive pieces of Liszt and Reger are accommodated comfortably, *Commotio* is still a rarity in organ recitals. On Friday, for the Promenade Concerts' annual airing of the Albert Hall organ, Gillian Weir played what was Nielsen's last large scale work, favouring romantic resonance at the expense of clarity, but nevertheless presenting a clear idea of its scale and unshakeable confidence.

The lover of Nielsen's symphonies would find in *Commotio* a familiar progression from conflict to serene

resolution, but also miss some fibre in the contrapuntal lines. Miss Weir could have given the themes more muscularity, but the decoration itself is self-consciously baroque, as if in coming fresh to the instrument Nielsen was slightly overawed by Bach's (and Beethoven's) example. But there are still trade marks to be found: themes have a habit of oscillating around major and minor thirds, key contrasts are bold and dynamic, and the plan—essentially a pair of fugues prefaced by fantasias—is ambitious and confidently sustained. After the sixth symphony and the clarinet concerto it was a brave display of optimism to come from the same composer.

The BBC Symphony Orchestra conducted by Norman Del

Mar took over for the second half of the evening, contrasting Nielsen's berolic objectivity with Richard Strauss' more dubious self-indulgence. Mr. Del Mar made *Ein Heldenleben* a rather monochrome celebration with efficient rather than inspired orchestral playing, but gave Maurice Bourgue a firm platform for a glorious account of the oboe concerto. The first movement was brought preciously close to affectation at times, the tempo unusually slow and every phrase most immaculately turned, but the slow movement displayed Mr. Bourgue at his finest, giving the line every opportunity to breathe the yet still solemnly seeming to dispense with breathing himself.

ANDREW CLEMENTS

## Festival Hall

## Giselle by CLEMENT CRISP

I am not persuaded that the Festival Hall's stage suits *Giselle*.

Its lack of depth, its forward-projecting effect on dancing, means that the Romantic illusion needed for the ballet is weakened, especially in the bright day-light of Act 1. Mary Skeaping's production is careful in judging the dramatic values of the piece, the moonlit terrors of the forest scene particularly well managed, but on Friday

night—when Manola Asensio and Jonathan Kelly led the performance—the emotional energies of the old ballet were muted.

Asensio is an assured technician, her style strong in its hold extensions; yet for *Giselle* there must be a sense of fantasy, as well as an inevitability about the peasant girl's progress through deception, madness and death to become the protective phantom of Act

2, which was lacking. Her *Giselle*, like Kelly's Albrecht, was sincere, dutiful in statement; there are morbid, poetically hectic aspects of these characters which have still to be stressed without them *Giselle* remains a glance back into balletic history rather than a compelling theatrical experience.

Yet despite the limitations of the stage and the relative inexperience of the two central

## Warehouse

## Baal by B. A. YOUNG

David Jonas's production is a model for small theatres. The mosaic of 22 short scenes, with their 50-odd characters, has been crammed into the unhelpful restrictions of the Warehouse with the decor confined to one wall—a decorated canvas screen by Ralph Koltai whose dreamlike details give way to exquisitely sentimental projections of outdoor scenes—and a company of no more than 16.

Baal, Brecht's repellent hero, is admirably played by Ben Kingsley. He looks too old (Baal is a projection of the 20-year-old author to a great extent) and too skinny ("you fat lump," says Mjork; "you over-eat," says Ekart, "you'll burst"), and there my reservations end. Mr. Kingsley ranges the catalogue of seductions—mistress, friend, virgin, couple, comrade—with a bland lack of emotion, not even satisfaction. He sings the songs, to which he has put his own music, accompanying himself on the guitar as erotically as any cabaret singer. He crawls out to his squalid death at the end as if the next world were no more to him than the next bar.

There's less scope for acting in the other parts; they're background figures to fill out the self-contained scenes that Brecht lays side by side, like letters on a Scrabble board, to spell out his conclusion, and once briefly used, they are dismissed. Their short lives can be vivid, all the same. Julie Peasgood as 17-year-old Johanna is ravishing, and duly ravished; Jane Downs is a study in vengeful dignity; Emma Williams puts on a coarse pathos as Sophie; Lila Kaye's landlady, later her beggar-

woman in the asylum, are piquant. Timothy Spall, Patrick Godfrey, Timothy Knightly, and the rest turn in instant characters as sharp as knives. I just wish I could find more in the play. It was a piece of occasion, sketched in 1918 as a mockery of the expressionist excesses of a current drama. I don't know how had Hanns Johst's *Der Einsame* was. But when Brecht produces a series of short, two-dimensional scenes to show us a man without emotions at all, drinking and copulating his way through life, discarding the poetic gift we are told he has (but are never shown), has he not produced excesses of his own equally liable to mockery? Detached from its original context, has *Baal* any real significance?

It is a typical young man's play, full of references to Brecht's own life-style. A contemporary critic wrote of the "unparalleled creative force of the language"; if that force largely passes me by, it may be due to the inadequacy of Peter Tegel's translation, used at the Warehouse and in the Methuen edition of the collected plays, which sounds and reads to me as if it were done by a German. After a production in Leipzig in 1923 which fell foul of the censor, *Baal* went unplayed for 40 years, though Brecht nurtured it all his life. Brecht, having become a demigod, the play has become current again. We may be grateful that it provides an opportunity for a performance like Ben Kingsley's at the Warehouse, but if it were put away for another 40 years I don't think the stage would be much poorer.



Jane Downs and Ben Kingsley

Leonard Burt

## San Quentin Drama Workshop moves to West End

Following its success at the Young Vic, the San Quentin Drama Workshop has moved to the Arts Theatre with *Kropki's Last Tope and Endgame*, written and directed by Samuel Beckett, until August 24 (Tuesday-Sundays 7.30 pm).

## Arts Council

## appointment

Mr. Norman St. John-Stevens, Minister for the Arts, has announced the appointment of Professor John Russell Brown to the Arts Council of Great Britain.

## TENNIS by JOHN BARRETT

## CRICKET by TREVOR BAILEY

## British disease on the courts

TODAY IN Central Park, New York begins an ambitious under-21 competition for national tennis teams. The Chiquita Cup brings together 16 of the best tennis-playing nations in the world, each team consisting of two boys and two girls whose combined points will decide the final placements.

Great Britain will be represented by Jeremy Bates of Surrey, 18, and Keith Gilbert of Bucks, 18, in the boys' section and Anthea Cooper of Kent, 20, and Amanda Brown of Norfolk, 15.

Paul Hutchins, the national team manager, and Sue Mappin, the women's administrator, are the two captains and they have no illusions about the difficulty of the tasks facing them. The plain facts are that Great Britain's standing in the game has fallen considerably in recent years mainly because the rest of the world has better facilities and schemes for development among their young players than we do in Britain.

In the recent European youth championships, for example, Britain finished in eighth place, far behind the winning Swedes, who, doubtless inspired by the success of Bjorn Borg, are sweeping off before them at

junior level. Which is not to say they will produce another Borg, but certainly their international standard in the foreseeable future will be hard for any other nation to match.

It is sensible that Hutchins has selected our two best junior prospects for the Chiquita Cup, though there are older players who are still eligible. However, I doubt whether Michael Appleton or past junior champion Harvey Becker or the tall Sussex boy, Jeremy Dier, would achieve much more than Bates and Gilbert are likely to.

The fact that Dier is about 400th on the ATP world computer ranking while the best young Swedes under 21 stand above 100 put the matter in perspective. Bates, though, disappointed again on Saturday when he lost his national under-21 championship final to Nick Brown of Cheshire after leading 4-1 in the final set. Unquestionably talented, Bates still has to learn the difficult art of winning matches.

The choice of Miss Cooper to replace Kate Brasher, a late withdrawal, is sensible, for she is probably the best of her age group in the country—though once again, when she is com-

pared with her contemporaries and much younger rivals in America like Tracy Austin and Andrea Jaeger, the gulf is enormous.

Further evidence of our decline in youth tennis can be found in the European cup competitions. A few years ago we were winning the Galtia Cup for the 20 and under group, but this year we lost in the qualifying rounds. Even the Anne Solihull Cup, in which we had enjoyed a long string of successes, was lost once our number one player, Jo Durie, was forced to withdraw through injury. Incidentally, this promising young player has spent the last four weeks under traction and her future must be in doubt.

Britain did not reach the finals of any of the age cups in Europe, and from the evidence of what talent we have to develop, there is little prospect of us doing so in the immediate future.

Why then are we in such sorry decline? Hutchins' opinion echoes the thought expressed by Tony Mottram and Shirley Brasher last week: "British juniors are not prepared to work

hard enough or to make the necessary sacrifices to compete on level terms with their rivals in other countries," said Hutchins.

"When I offered to meet any of the 192 players who took part in the junior grass championships at Eastbourne recently to offer help and advice to any wanting to follow a professional career, only about 18 players attended, and altogether with parents included, there were about 45 present. From talking to other coaches, it seems the same reluctance to full commitment affects other British sportsmen. It seems that we must overcome this British disease before we do anything else."

And yet in the lower age groups there seems a tremendous enthusiasm and ambition. A visit yesterday to Hull with the BP International Tennis Fellowship coaching team of Roger Taylor, John Paish and Tony Lloyd was a rewarding experience. Following a run through the fundamentals of the game with 60 beginners in the morning, we put through their paces in the afternoon six of the fellowship's most successful members.

## Rain and pace decide the series

THE WEST INDIES, who were less formidable than expected, lost England 1-0 in a series which failed to come up to expectations, mainly because of the weather which interfered with every test and largely ruined four.

It was, therefore, somewhat ironic that the football season should commence in the warm sunshine absent from most of the summer.

The relentless pace barrage from four fast bowlers usually proved too much for the English batting line up, despite the authority displayed against it by Gooch and Rose.

The West Indies depended even more than usual on the genius of Richards because though Haynes played splendidly, Greenidge and Kallacharran were well below their best. Bacchus promised more than he produced and Clive Lloyd was injured for much of the time. As a result, they did not score as heavily as expected.

England in fact would almost certainly have won what turned out to be the decisive first encounter at Trent Bridge, if Hendrick had not broken down and Botham had been fully fit. But there can be no doubt that the tourists, who were robbed by rain on several occasions

and suffered an abnormal number of injuries, were the better side.

Our selectors experimented widely, is not always wisely, and are continuing to do so in the one-day internationals against the Australians which precede the centenary test at the end of the month.

The big disappointment is that they have learnt little that was not already known, but there is no disguising the shortage of class available to them. However, they can claim one find and two confirmations.

Brian Rose admirably demonstrated that he is a good player of fast bowling and possesses more attacking strokes than many imagined.

From a relaxed stance, he moved economically into line, with the result that he had far more time, and fewer problems with the bounce, than most of his colleagues.

Dilley confirmed that he is the fastest and most promising of our young pace men, while Gooch, as well as establishing himself as a stroke-maker of international class, has developed into a most useful fourth seamer who awings the ball.

There are four interesting new faces in the Prudential

squad: Alan Butcher, Bill Athey, Robin Jackman and Roland Butcher. Alan Butcher and Athey are both young, players in form, who along with several others are challenging for a place in our batting line up against the West Indies this winter. Jackman is an experienced seam bowler, the leading wicket-taker in the country and enjoying something of an Indian summer.

A good case could have been made for including him at Readingly on a pitch which would have suited him, and in a match which England had to win; but to bring him into these limited-over games with little significance, and to leave out Stevenson, surprisingly picked in the 12 for the last test, does seem rather odd.

The most intriguing selection in that of Roland Butcher, who, born in Barbados, came to this country as a teenager, and subsequently returned to play for that small island.

As an exciting, if somewhat unreliable, stroke-maker he has played a couple of spectacular innings for Middlesex this summer, but his lack of consistency has meant that it has taken him a long time to estab-

lish a regular place in his county team.

Although he is a potential matchwinner in a limited-over game, one cannot help feeling there are several home-born players with better claims than Butcher, who qualifies by residence for England and is eligible, though unlikely to be chosen, for the West Indies.

If the selectors wanted to include an overseas player in our national 11, surely Mendis would have been the most obvious choice.

The novelty of cricket under the floodlights of Stamford Bridge predictably attracted a large crowd, who enjoyed the well staged entertainment provided by the West Indies and Essex.

The £40,000 gate receipts must have been noted by other football clubs, most of whom have unhealthy overdrifts, and I expect more matches to be staged on football grounds in the future.



## FINANCIAL TIMES

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Monday August 18 1980

## Warning from the South

THE WORLD BANK'S latest development report confirms the increasingly parlous state of the international economy. One year ago the bank found it necessary to reduce its previous forecasts of growth in the 1980s by 0.5 per cent. This year it has brought them down by a further one per cent.

The outlook for growth "is a cause for deep concern," according to Mr. Robert McNamara, President of the World Bank. This is all the more so because the avoidance of yet further falls in growth may depend on the industrialised countries adopting policies on trade and aid contrary to some present trends.

The report warns that adjusting in the latest increases in oil prices is liable to prove far harder than in 1973-74. The surpluses of oil-exporting countries could stay at a high level for longer. The prospects for an increase in aid and in bank financing in developing countries are less promising. Oil-importing countries in the south have higher debts and lower growth than seven years ago. The industrialised North faces stagnation and inflation which, if now being contained, is still serious.

## Interdependence

The Brundage Commission's report on North-South issues stressed that if developing countries had cut their imports of manufactured goods to adjust to the increased oil prices of 1973-74, there would have been 3m more unemployed in the OECD countries. The bank's World Development Report brings out the extent to which the international banks have a direct interest in the economic health of the Third World, if only because they are over extended.

Next week a further round of the North-South "dialogue" is to start in New York when a special session of the UN General Assembly meets to discuss the world economy. The World Bank is submitting its development report and a paper on energy in developing countries to this session as its contributions to the debate. The session was initially intended to have ushered in the UN's Third Development Decade, 1980-90. Some oil producers, apprehensive of increasing hostility in developing countries to rising oil prices, have succeeded

in turning it into an occasion for further negotiations between North and South.

In the past five years the main concrete result of these negotiations has been the establishment of a still-untested fund to stabilise commodity prices. The developing nations had hoped, with OPEC's help, to achieve a massive transfer of resources from the North. But their demands have struck the industrialised countries as rhetorical and extreme, a reaction which the South has regarded as obstructive.

The bitterness and frustration has emerged yet again in the attempts to prepare for next week's special session. The two sides have long been at loggerheads over the agenda. The odds are that the outcome of the session will be another inconclusive wrangle. The present format of the North-South dialogue, massive international meetings, has not been a success and there are hopes that a limited summit of 20-25 countries may be more productive. This was one proposal of the Brundage Commission and Britain's recent qualified support for the suggestion is to be welcomed. But there are clear limits to summitry, and more immediate alternatives need to be considered.

The Brundage Report set out to add the "common interest of mankind" to the moral arguments for helping deal with the poverty of many developing countries. The World Bank's report follows part of the same road, but analyses in detail future economic prospects. It fails to give the figures of the implications of the low-growth projection which it warns may be likely to occur.

## Self-reliance

The South must understand that the industrialised countries insist on curbing inflation before a major change can be expected in their policies. It must also look to increasing its self-reliance—a theme which will be dealt with in next year's development report of the World Bank.

But for the North the message is clear. Tackling trade deficits should be done, as Chancellor Schmidt said last week, with the problems of the developing world in mind. Receding is not an abstract concept, but a vital process into which OPEC must be drawn.

## Thinking again about Europe

THE BRUSSELS agreement on the British contribution to the Community budget at the end of May gave the Government some respite in its efforts to put membership of the Common Market on a satisfactory basis. But, except in the short term, it did not automatically solve anything. The real negotiations over the future pattern of Community spending and the effects of enlargement are still to come.

## Dynamic

Until last week it seemed the Government was content to sit back and wait to deal with these problems as they arose. At the very least, it was not going to exert itself about Europe in public. Two Ministers, however, have now given evidence that a certain amount of thinking is going on. Mr. Peter Walker, the Minister of Agriculture, has called for a more dynamic Community which would take its "proper place as a major economic and political grouping in the world." On a more practical level, Mr. Douglas Hurd, Minister of State at the Foreign Office, has put forward proposals for improving the co-ordination of foreign policy.

Such signs of life are welcome in themselves, but they do not go very far. As Mr. Walker has pointed out, the crucial period is likely to be the second half of next year. This coincides with the British Presidency, for which it is as well to be prepared, but it is not the fact that Britain will be in the chair that matters most. There are two much more important considerations. The first is that all the known problems of the Community should be coming to a head and the second is that the French elections will be out of the way.

So far as Britain is concerned, and to a large extent the Community as a whole, the key problems are money and agriculture. If there had been no Common Agricultural Policy, it is probable that we could have lived within the Community quite happily. Conversely, if the excesses of the CAP are not eliminated, it is likely that discontent with membership will continue to grow.

There is already agreement in principle that the surpluses, which are a direct result of CAP, should be reduced and

that the Community budget should be restructured so that a smaller percentage is spent on agriculture. At the last count, disposing of the surpluses alone took about 80 per cent of the agricultural budget, which itself was responsible for over three-quarters of Community spending. The first aim therefore must be to see that the agreement in principle is adhered to. Agricultural spending must come down and Community financing of surpluses must be reduced.

There are several possible ways of proceeding. There could be a sub-ceiling (say 50 per cent) for agriculture within the Community budget. Or there could be cash limits within which the Community would have to live. The details do not matter too much at this stage. The main point is that if the Government cannot resolve the agricultural question it will find it difficult to turn the tide of opinion at home in favour of continued membership.

Yet there is also a broader way of looking at Community spending. Some time in the next year or so this spending will reach the limit allowed under the present "own resources" system. The question will then arise of whether Community spending should be increased, and if so, how, or whether it should be contained within the existing limit.

## Convergence

This is not a time when any member-Government seems anxious to raise public expenditure, especially for reasons that go beyond the short-term national-political. Yet a Community that sticks to spending in quite different circumstances, could scarcely be described as dynamic. Nor could it be said to be doing very much for the redistribution of resources within its own frontiers. In other words, it would not be promoting that degree of economic convergence which is essential if the Community is to stay harmoniously together. There are areas, such as regional and social policy, where both Britain and the Common Market as a whole could gain from increased Community spending. That is what the Government should be thinking about in the next few months.

## UNEMPLOYMENT THE GROWING COST OF BENEFITS

## The brutal arithmetic of benefits

BY PETER RIDDELL, Economics Correspondent

EACH NEW unemployed man or woman means an extra £5,000 a year of public sector borrowing. Since September last year the number of adults out of work has risen by 344,000, equivalent to additional borrowing of £1.7bn. Ironically, this is also roughly the same as the increase in Government revenue from North Sea oil and gas operations expected during 1980-81.

This brutal arithmetic is one side of the cost of unemployment—irrelevant perhaps to those without a job but of vital importance to a Government trying to contain public spending and borrowing as part of its tight monetary policy.

Governments of both parties have never been exactly keen to publicise these calculations but some rough-and-ready estimates can be made on the basis of official figures. A starting point is direct spending on social security payments of which about half is on unemployment benefit and the rest on supplementary benefit. The (probably optimistic) official assumptions imply total spending at current prices of nearly £2bn in the current financial year.

A rise of 100,000 in unemployment will probably add about £125m a year to benefit costs. There are also administrative expenses. A recent Commons committee

report estimated that an extra 2,000 staff will be required to deal with each 100,000 rise in adult unemployment above 1.5m: the current total is 1.6m and rising fast. Unemployment also produces several other direct costs for the Government—a loss of national insurance contributions and of income tax revenue.

Moreover, a rise in unemployment is in itself normally a reflection of changes in the level of economic activity and of output. Thus, a fall in demand which leads to redundancies and reduces vacancies is likely to cut Government revenue from indirect and company taxes. There may also be a squeeze on the financial position of nationalised industries because of lower demand, as is happening now.

All this will push up public sector borrowing, even before allowing for the cost of any additional expenditure on training or on special employment measures. Estimates of an additional £500m of public borrowing for every 100,000 more people unemployed are widely accepted. This means that the rise in unemployment since 1973 has added at least £7bn a year to public borrowing compared with a forecast level of £3bn in 1980-81.

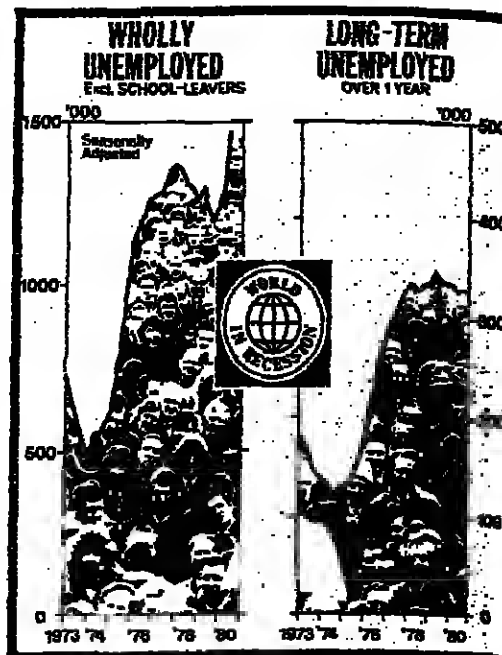
Another way of looking at the same calculation is to start from changes in the growth of total output as measured by real

Gross Domestic Product (GDP). The London Business School has, for example, estimated that a change of 1 per cent in GDP alters public sector borrowing by about £600m to £700m at 1978-79 prices (and considerably more at current prices).

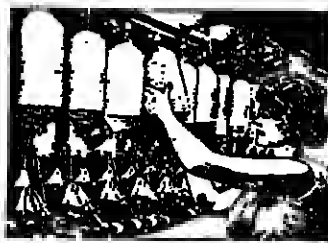
This could be very important if GDP is flat after 1980 instead of rising by 1 per cent a year as assumed by the Treasury in the medium-term financial strategy. In that case, public sector borrowing in 1983-84 would be at least £2bn higher than otherwise expected. This would limit the scope for income tax cuts.

The discussion so far has been entirely in terms of economic costs. But unemployment also has important social costs in terms of deteriorating health and increased crime. A study undertaken for a U.S. Congressional committee has been applied to the UK by two Cambridge economists (Bob Rowthorn and Terry Ward). This shows that a sustained rise in unemployment of 1m could, over a five-year period, lead to roughly 50,000 more deaths, over 60,000 cases of mental illness and 14,000 more people receiving prison sentences. These estimates are naturally very uncertain, but they obviously imply additional public expenditure.

Thus, the Government faces a crucial dilemma. The medium-term strategy



involves a gradual reduction in the path of public sector borrowing consistent with a lower rate of monetary growth. But the recession and higher unemployment are pushing up borrowing. Treasury ministers have talked about permitting variations in the level of borrowing in recession years, so long as the underlying path is downwards. So far, however, the borrowing limits have not been changed, even though there may be an overshoot this year. Further articles on unemployment in Britain will be published in the next few weeks.



## Far more than pin money at stake

"A FAMILY SIMPLY cannot live on a man's wages anymore," said Mrs. Bridget Marlow, a Leicester hosiery worker, at present employed by a company in the hands of the Receiver.

Mrs. Marlow, in her early thirties, and with two young children, insists that her wages are now an integral part of the family's budget. Any suggestion that her earnings are for "pin money" receives a sharp retort.

But she, like hundreds of other women in Leicester's hosiery and knitwear industry whose income has helped support commitments such as hire purchase agreements and mortgages, faces redundancy. Her employer, Admiral Knitwear, has gone into voluntary liquidation. For among the industries in Leicester worst affected by the present economic climate is the hosiery industry.

For some years the industry has been struggling to improve its productivity and competitiveness, and until recent times has managed to weather temporary downturns in trade. Now, a combination of adverse factors, including the strong pound, high interest rates, low cost imports and a fall in consumer demand, has resulted in manufacturers putting thousands of workers on short-time and, in many cases, closing down factories.

Workers have been stunned by decisions such as that taken by Harold Ingram, the Leicester knitwear manufacturer, to close two factories in the city and to start directly importing products from Hong Kong with the aim of eventually starting its own production there.

Even if we worked for nothing we could not compete against imports from Hong Kong and Taiwan," Mrs. Marlow said, echoing the prevailing belief in a region that has yet quite to get used to the changed climate.

Mrs. Marlow's wage, for part-time work, has averaged about £40 a week. It is she says, vital for her family which needs "about £100 a week to keep going." Her husband, in the printing industry, earns about £80 a week.

Mr. Marlow's job — although not immediately threatened — is insecure in that the printing industry is making substantial numbers of workers redundant. "I'll do anything," Mrs. Marlow said, "I trained as a nursery nurse, but there is no chance of a job there as the council is busy closing nurseries down."

Mrs. Marlow added: "Married women cannot move away from their homes to find new jobs and leave their families behind. Besides, if you cannot find a job in Leicester you won't find one anywhere else." Leicester, still has an unemployment rate below the national average.

Official figures claim 1,900 redundancies in Leicester's hosiery industry over the past six months. The Hosiery Manufacturers Association believes the real number could be at least 50 per cent higher because some redundancies are not notified—when fewer than 10 are involved—and some workers are not entitled to redundancy payments. Hundreds more, including those on Government-sponsored temporary working schemes, fear for their jobs.

Of the 5,000-odd women registering as unemployed, 1,425 are hosiery workers. In the past the city's Job Centre received few inquiries from women seeking jobs in the industry. In a full labour market, with manufacturers keen to offer part-time or full-time work, with a further option of outwork which attracted women confined to the home, workers preferred to seek their own jobs. Now with jobs and money in scarcer supply women are signing on for work.

However, many want part-

time work but they are forced to sign on for full-time employment as Employment Exchanges stipulate that benefit cannot be claimed unless the claimant registers for full-time work. One married hosiery worker said: "Mrs. Thatcher has been asking workers to co-ordinate their hours so as to give others, particularly school leavers, work experience. But we are being told that we either work full-time or we don't get the dole."

Although often highly trained, women hosiery workers claim they face the stigma of being "unskilled factory workers" when seeking other jobs.

Mrs. Pam Colver, who was made redundant from the same company, said: "All the time I am unemployed I am losing skills and speed. That means I will lose money if I get another job in the industry if the work is on piece rates."

Few appreciate the speed at which such women, usually paid on piece rates, work. A sewing machinist, or overlocker, can take up to two years to reach a speed which entitles her to maximum rates of pay. Rates are negotiated in pence, not pounds. Overlocking cardigans, for example, could be paid at a rate of 80p a dozen.

At local level, hosiery workers have already accepted lower pay settlements and in some cases cuts in their rates. The acceptance of a lower wage by these women is exceptional. But even this action has failed to save jobs and women are dismayed to find that redundancy payments are being assessed on these rates as well as reduced earnings during short-time working.

For the first time in their working lives, after slipping in and out of employment with the industry, many hosiery workers are expressing fears for their survival.

LISA WOOD

## MEN AND MATTERS

## Hilditch reaps as it sows

Chic clothes Hilditch and Key enters pastures new with its purchase of Coles, which adds to Hilditch's Jermyn Street hat shops in Savile Row and Sloane Street. The move is an adroit act of recession-proofing which makes Hilditch probably the largest bespoke shirtmaker in London, and possibly even Europe.

Managing director Alec Finch is coy about the price. "It was a reasonably substantial sum," he says smoothly. "Satisfactory to both sides"—as well it should be, for whatever shock-horror beleaguer the rag trade at large, his order-books are groaning. There is no shortage of seekers after bespoke elegance, including a substantial clutch of politicians. "We cater to both sides of the House," Finch tells me, "though rather more to the right than the left, with Roy Jenkins neatly in between. Then we have the theatricals and the gentry and the aristocrats, plus a fair share of military. Our best clients are the Arabs, though the Latin Americans and Europeans spend freely as well."

I could not resist asking after one of my favourite fashion-plates, luminous Arts Minister and Leader of the House of Commons Norman St. John-Stevens, whose sartorial hue and cry on the Tory front bench and in the popular press easily overshadow that of the Leader-elect himself. Hilditch has not yet been blessed with an order for shirts from that quarter—but did I am delighted to hear, recently make him a dressing-gown.

Finch houghs a 50 per cent stake in Hilditch and Key three years ago. His partner is Michael Booth, something of a Stock Market punter. With the purchase of Coles, the expanded operation will be hand-making around 12,000 shirts annually. It is not uncommon for clients to place a single order for 50



"Actually, business is booming."

bespoke shirts. But his latest big order—for a gentleman from the Middle East—made even Finch gasp: 150 hand-made shirts, some costing £70 each, plus 40 made-to-measure suits, the most expensive of them costing £800 each and incorporating cashmere, beaver and vicuña.

On the subject of the cost of the St. John-Stevens dressing-gown, however, it is impossible to draw him.

## Watchers watched

Television was much in my thoughts through the weekend, not least as I enjoyed a garden party at the Inner Temple thrown by Thames Television yesterday as an antidote to the summer's soggy ratings and a diversion for those of us repulsed from the continent by the French fishermen's impertinent blockade.

But I was also mulling over a recent conversation with Bernard Audley, who as funder and chairman of AGB, Europe's largest market researcher, has few rivals as Britain's ratings king. AGB already produces the ratings figures for the independent companies' Joint Industry Council for Television Audience

Research. A year from now it begins joint audience measurement for the BBC and ITV under the aegis of the Broadcasters' Audience Research Board, and will be a lively front runner when the new BARB contract comes up in 1983.

The principal tool of surveillance in the acronymic world of BARB and JICARS remains the little diaries sent out for some 3,000 households to record their viewing habits. But such is the demand for more sophisticated data, Audley told me enthusiastically, that his minions will soon be able to pinpoint not only those shows during which father-in-laws fall asleep, but still more fleeing vigiles in the true-life drama of the TV-watching family. AGB says Audley is perfecting a wrist-watch-sized electronic device which will signal by means of a personalised electronic code precisely who comes in and goes out of the room over which the television presides—the very details for which advertisers lust.

And what if mother borrows daughter's watch, or the artful lodger nips next door? "I guess we still have a few bugs to iron out," concedes Audley.

## Jarring

Waves of sympathy are stirring within me for Kenya president Daniel Arap Moi's stand against alcohol. Reported recently in these columns, behind this newfound moral rigour is my reading of the Lancet, which offers an expose of the ravages of the demon drink in nearby Zambia. The most basic booze mix "sotopli." To make this, together sugar and yeast, fry them, and drop into a pan of water. Let the mixture cool for a ready-to-drink lotion in just 30 minutes. A slightly more sophisticated tippie, "sikikiana," demands beans and maize in addition. It is understandably described by one of its adherents as "a very dangerous drink."

Drinking decorum is also slightly different from that practised in our own pubs. In some parts of the Eastern Province, it seems, long fingernails are lofra dig at the bar. The reason, says the Lancet's source, is that a popular pastime is to secrete a poison called luanga under the fingernails, and then let it fall in a tin of beer which you may offer someone to drink and then he gets poisoned to death."

## Teeth for two

I must warn those of a nervous disposition, particularly when matters dental are concerned, that the following lines may cause considerable distress. Dr. Kjell Green and his assistant Hallvard Vindenes, both of Bergen's Haukeland hospital, are finally allowing themselves to savour the success of a molar transplant, which they performed three years ago. The said tooth has resisted rejection, and is chomping away happily in its new-found jaw.

The fortuitous circumstances favouring the transplant were that patient Trude Haugen had an extra molar in her upper left jaw, while her mother lacked a molar in just the same place. So Green whipped out the pliers and set to work.

The doctors had already succeeded in moving teeth from one place to another in the jaw of a single patient. Now, they are preparing a report on their latest triumph for delivery to the International Journal of Oral Surgery. It is a triumph for Norway, and a triumph for molars everywhere. But it is not the sort of treatment which you will catch me soliciting from my local sawbones.

## Private joke

Sign on the back of an Aldershot soldier's bicycle: "I am a military spokesman."

## Global Natural Resources Limited

## INTERIM RESULTS

## Six Months Ended June 1980 and 1979:

	1980 (U.S.\$)	1979 (U.S.\$)
Group Turnover	10,824,000	5,441,000
Income Taxes U.S.	636,000	—
Income Taxes Indonesia	1,975,000	323,000
Group Profit (Loss) after Income Taxes	2,649,000	(35,000)
Earnings per Share	13 cents (5.5 pence)	—

The above results are after approximately U.S.\$1,100,000 of exploration expense for the first six months in 1980 and U.S.\$1,300,000 for the first six months in 1979.

The results for the period in 1979 include charges of approximately U.S.\$220,000 for re-statement of certain accounting changes adopted at the end of 1979. The group anticipates increased exploration expense in the second half of 1980 from increasing drilling and exploration activities during the second half of the year and, as a result, the rate of profit for the full year may be reduced.



# The Superphenix reactor: France woos Britain

By DAVID FISHLOCK, Science Editor

TENS OF THOUSANDS of visitors, ranging from coachloads of school kids to Britain's Secretary for Energy and his chief nuclear adviser, have been pouring into Europe's "nuclear valley" this summer. Among the vineyards flanking the Rhone no fewer than 20 nuclear power plants are operating or under construction, along with Europe's most imposing nuclear factory, the sprawling Eurodif uranium enrichment plant at Tricastin.

Marcia for most of the visitors, however, is a concrete "cathedral" nestling among cliffs in the picturesque upper reaches of the Rhone. Mr. Boris Saitsevsky, its master builder, expects 25,000 this summer at the scene of some of the most spectacular engineering assembly operations since the Apollo moon rockets.

Mr. Saitsevsky is halfway through construction of Superphenix, the world's biggest fast breeder reactor (FBR). The Russians have the biggest FBR operating at present, 800 MW, commissioned in April. But the French, in partnership with the West German and Italian electricity supply industries, are building one twice as big, 1,200 MW, at Creys-Malville in the "nuclear valley." Construction of the huge concrete dome to contain the Superphenix reactor is virtually finished, and burstled steel structures painstakingly assembled in a temporary factory close by are sliding sedately into place in its catcombs. In the factory the names of great engineering groups of Europe—Breda, Neyric, CMI, SDEM—jostle each other as their craftsmen work together to assemble high-precision structures up to 800 tonnes in weight.

The French want Britain to join the club. They invited Mr. David Howell, Secretary for Energy, and Sir John Hill, chairman of the UK Atomic Energy Authority, to Creys-Malville to discuss a French proposal for bringing Britain into the next

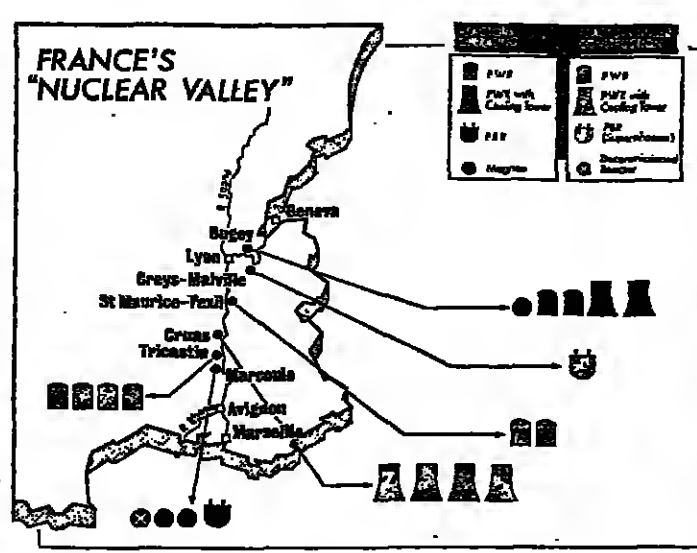
stage of their FBR project. The background to the proposition is France's dramatic progress since 1974 in replacing its dependence on imported oil for electricity generation with nuclear power. Since the first year of soaring oil prices it has commissioned 7,000 MW of nuclear capacity and has begun construction of another 32,000 MW. By 1985, half of its electricity is expected to come from uranium, compared with a maximum of 20 per cent in Britain. France believes that by then its nuclear electricity will be the cheapest in the world, costing about half the price of its oil-fired electricity, and one-third of the price of its coal-fired electricity.

But could the world price of uranium—"soft" at present because most countries outside France and the East Bloc have

## France is halfway to building the world's biggest FBR

slowed down their rate of nuclear construction—climb dramatically towards the end of the century when a big acceleration of nuclear construction worldwide seems almost inevitable? The French (and the Russians) are convinced that it will. Their insurance policy is to develop the FBR. It uses the plutonium by-product of present-day reactors to convert the 99.3 per cent of uranium wasted at present, because it will not burn in today's reactors, into fresh nuclear fuel.

Dr. Georges Vendreyes, the French Atomic Energy Commission's director responsible for the FBR project, explains the policy. Construction is proceeding very smoothly, he says. There have been problems and design changes during the first three years of construction, but it is surprising to me that there have not been more problems. At the half-way stage the pro-



ject is about six months late on a "very tight" six-year schedule. So it has been rescheduled for seven years, meaning that full power is now expected early in 1984.

Costs, Dr. Vendreyes claims, have remained "within very reasonable limits." The cost of the nuclear element of Superphenix is now expected to be 15-20 per cent above the 1977 estimates, half of which is due to the one-year delay. "But that does not mean that we are happy about costs," he says. Capital costs look like being little more than double the cost of building a 1,200 MW Pressurised Water Reactor (PWR) in France. Generation costs look like being a bit less than twice the cost of PWR power—about the same price as is estimated for (imported) coal power in France in the second half of the 1980s.

Dr. Vendreyes's big problem now is to close this gap between FBR and PWR costs. One intrinsic reason for this is the fact that the FBR is an extra cooling circuit, to ensure that the radio-active sodium which cools the reactor does not come into contact with

water in the boilers. This additional complexity adds 20-25 per cent to the price. Beyond this, he believes the gap can be closed by arranging to make a series of reactors of identical design, as they have done with the PWRs.

Three parties are engaged on a national plan for the exploitation of the FBR: Electricite de France, the Atomic Energy Commission and Novatome, the design and construction company for FBRs. The plan is that France will build six identical FBRs of a design they call Superphenix 2, 1,500 MW each, in three pairs, the first pair being ordered in 1985 and the other two pairs at intervals of about 18 months. In addition France will order a reprocessing plant for Superphenix fuel, commensurate with the 10,000 MW of FBR capacity, to keep the plutonium recycling rapidly and to gain the greatest economic advantage from its FBRs.

Electricite de France says it is willing to meet the extra cost provided its suppliers can reduce the gap to one of only 15-20 per cent on the cost of pro-

ducing electricity. It sees the extra cost simply as insurance against runaway uranium prices. The utility—which claims to have supplanted Britain's Central Electricity Generating Board as the world's biggest electrical utility generating power last year—also knows better than any the economic value of a standardised design. It has demonstrated the point with a series of identical 250-MW oil-fired stations, and in the 1970s with two series of PWRs, of 900 and 1,300 MW, says M. Michel Hug, the director responsible for power plant construction.

Safety of systems also benefits greatly when it is an integral part of a standardised design and not at risk from tinkering later. "Safety is not something you spread on afterwards," M. Hug says.

The decision to embark on the FBR programme will be taken by the French Government. It will be one which places reliance on the FBR for 10 per

## France wants an entry fee from Britain, perhaps £20m-£25m

cent of France's electricity by the end of the century. But provided the three parties can agree on acceptable cost estimates for the series, they have been promised a government decision in 1984-85, soon after Superphenix reaches full power. They have selected yet more sites in the "nuclear valley," at Marcoule, on which to base their costs for both the first pair of Superphenix 2 reactors and the FBR reprocessing plant.

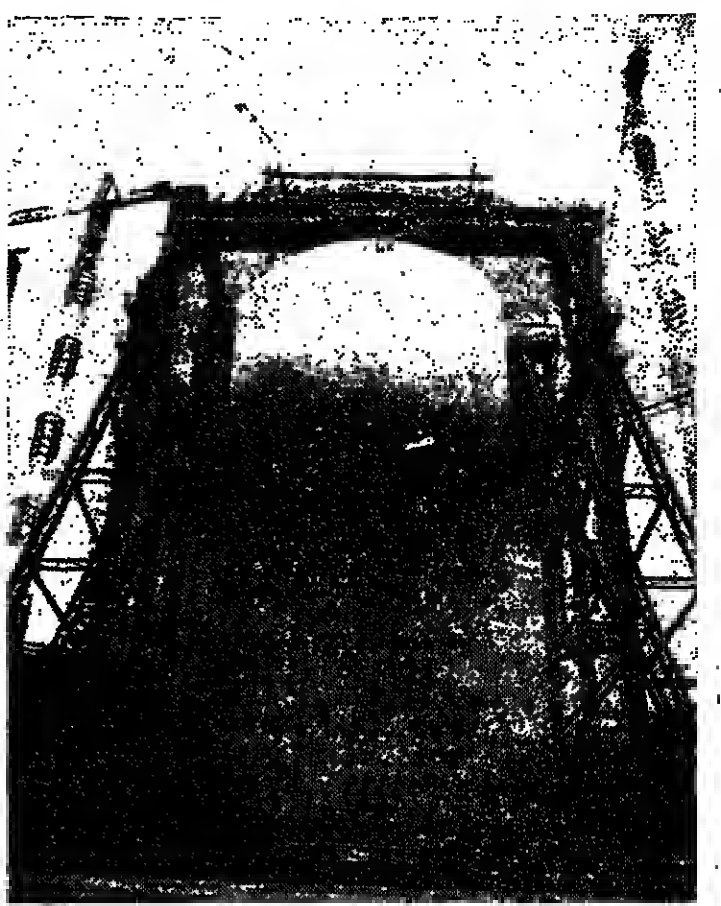
Where does Britain come into this picture? The French Government knows that Britain, with a 250 MW FBR operating at Dounreay since 1974, is poised for a decision on the next stage, the so-called "commercial demonstration fast reactor." It knows the Britain has been exploring various possibilities

for international collaboration to defray the high cost of entering the new technology. It also knows that Britain has an FBR design similar in its essentials to Superphenix and is well advanced with the FBR fuel cycle. And Britain, moreover, already has a foothold of 2.5 per cent in Superphenix, through a shareholding purchased by the CEBG from the German electricity industry.

France has proposed that Britain and France should collaborate on the design of Superphenix 2, so that a seventh reactor of essentially the same design is built in Britain. It has suggested—with its partners' agreement—a collaboration giving the UK access to all FBR research and development in five countries: France, West Germany, Italy, Holland and Belgium. It has proposed a joint agreement between Serena, the five-nation company set up to licence Superphenix technology, and a British counterpart which does not yet exist (but which is being called "Fastech"). This would be a subsidiary of National Nuclear Corporation. It would like a joint agreement between Novatome, the French company designing and constructing Superphenix, and the National Nuclear Corporation.

But its most controversial proposal is that since Britain will in this way be able to leapfrog the Superphenix stage and proceed straight to the more advanced and more economic reactor, perhaps one-third cheaper, France will be entitled to an "entry fee" from Britain. This could be as much as £20m-£25m.

Viewed dispassionately, an entry fee of this order is not unreasonable. The French must be counted at least six years ahead of Britain in demonstrating FBR technology on a commercial scale; and probably nearer 9-10 years when one considers the realities of the nuclear construction industry in Britain and the Government's promise of a public inquiry on the siting of the first big FBR. There is even a precedent to



The concrete nuclear "cathedral."

some extent, in the entry fee paid by Britain to buy its way helter-skelter into the Franco-German research reactor at Grenoble.

Nevertheless, the Government foresees considerable difficulty in defending a decision to spend such a sum in Parliament, where it will be faced not only by numerous MPs opposed to nuclear power but by some who still firmly believe that Britain leads the world in FBR technology.

The French Government says it is awaiting a reply from Britain. It needs a decision, it

says, because the designs for Superphenix 2 are progressing so rapidly that if Britain dillies it will be too late to influence the design. But the anxiety may not be wholly altruistic. The German and French partners in Superphenix have both been backpedalling in their nuclear power programmes. The German prototype FBR is far behind schedule. One British view is that the French are beginning to feel very exposed as they draw further ahead of the field, and now badly need Britain as partner to bolster their own confidence in the FBR.

## Letters to the Editor

### PAYE computer system

From the Managing Director, JFC Consultants

Sir—The worst feature of an investment in any computer to cope with PAYE is that it will almost certainly ensure this archaic method of tax collection into the system for the next 100 years.

Employers should be able to agree take-home pay with their workers and contribute the same amount of tax as at present by a payroll tax. A straightforward calculation once a month would be all that was required.

This will not appeal to the computer industry which services the lumbering PAYE system at the employers' end as well as in the tax office. With the advent of the electronic office, computerised design and robot manufacture they should have plenty of business to come and should not shirk from joining in the condemnation of a tax system which is costly, disincorporative and ready to be interred with the window tax and other fiscal relics.

G. M. J. Richardson, JFC Consultants, 5, Victoria Street, Windsor, Berks.

### Monetary policy

From Mr. E. Whiting

Sir—The article by Peter Riddell "Whitehall's monetary policy" (August 9) has jogged my memory to turn up a previous article in your Lombard column (June 26) by Anthony Harris, in which he explains what is and what is not included in sterling M3. One has only to re-read that article to realise that almost all that Peter Riddell has to say was patently obvious from the start, due to the total inadequacy of M3 as a measure of monetary performance.

When the ability of the basis of the customary measures is weakened, new measures have to be developed using a somewhat different basis (e.g. cash flow and current cost accounting in place of historic cost).

If none of the measures that one can use is free from infatuation or decay of the basis, the more must one take account of non-measurable intangible factors and a common-sense view from the world outside (e.g. related economic statistics, consumer surveys, or simply a "gut" feeling).

Measurements used for short-term performance need to be sharper and more objective than those used in the long-term, during which detailed differences and errors are more likely to come out "in the wash" (e.g. cash flow, which is subject to entirely accidental fluctuations over months, may be a very useful measure applied over several years).

Before any control measure is used directly for a policy decision, the detailed compilation and relevance of the measure to the decision should be checked (e.g. pricing decisions should take account of all the relevant factors if markets and costs). Management should fully understand the basic principles and limitations of all the per-

formance measures that it will use (for example, return on capital employed should not be used without an understanding of the likely unstable basis of numerator (profit) and denominator (asset value)).

Accounting definitions (or "standards") should be as clear and incontrovertible as possible so that no important item can be easily added (e.g. "window dressing" in balance sheets may be mitigated by looking at post-balance sheet events).

The use of sterling M3 as a measure of monetary performance seems to offend against all these canons. It is ill-defined, compiled mainly from the balance-sheets of clearing banks. The inevitably erratic short-term results appear to determine important policy decisions. There is no reference to a host of other measures available, which though not completely relevant, can provide useful guidance. And those who use the monetary measure M3 seem to have no understanding of how it works and how its basis is affected by other factors outside those impinging on the performance it seeks to measure.

In short, it must be not at all surprising to readers of Anthony Harris's and similar articles that variations in Minimum Lending Rate appear to have little effect on the supply of money as defined by sterling M3—certainly in the shorter term. And in the longer term, "we shall be dead" (to quote Lord Keynes) or unemployed.

Edwin Whiting, (Lecturer in Management Control), Manchester Business School, Booth Street West, Manchester.

### Dying Chambers of Trade

From the Director, Merseyside Chamber of Commerce and Industry

Sir—Mr. Waddla (Dying Chambers of Trade: August 11) is right to draw attention to the progressive disappearance of Chambers of Trade. The absence of a strong voice for retailers has undoubtedly contributed to the decline of city centre shopping.

The demise is not entirely due, as Mr. Waddla suggests, to the multiple retailers: much of it is due to the growth of peripheral shopping centres which has weakened the old Chambers sited centrally. The solution appears to be a number of small chambers or committees subscribing to a central regional chamber in much the same way as chambers of commerce are now organised.

R. L. Paterson, 1 Old Hall Street, Liverpool. From the Managing Director, Paine and Co.

### Water charge increase

Sir—Further to the letter from Mr. Wilmoth, in connection with the high charges by the Southern Water Authority, I would inform you that this company has also suffered high price increases, effective from April 1, 1980, from the Anglian Water Authority. The increase in charges for average strength trade effluent is a staggering 70.9 per cent

for the year, and these are costs which cannot be passed on to the public. This company is therefore taking up the matter directly with the Water Authority. Should there be no reduction in charges, we will then refer the matter to the Secretary of State.

Our local Press has recently reported that the unions involved with the Anglian Water Authority have published a report accusing it of wasting in excess of £1m. In the light of this, coupled with these vast increases, which exceed by far any price increase private industry would implement, one has every sympathy with Mr. Wilmoth's statement that "The Government simply must do something to stop the public being robbed by a crowd of unelected, incompetent officials."

L. C. Middleton, Paine and Co., Market Square, St. Neots, Huntingdon, Cambs.

### North Sea bidding

From the Chairman, Premier Consolidated Oilfields

Sir—In your Energy Editor's informative article (August 14) you may be understood to quote me as implying that the Financial Times' parent S. Pearson and Son, is entering North Sea bidding as a non-oil company competing for the first time. This is of course, as you were too modest to state, far from the fact. Pearson's North Sea licence in the first North Sea round held by its subsidiary, Whitehall Petroleum, was awarded in 1964 and subsequently drilled.

Pearson is a British pioneer in the oil industry having founded Mexican Eagle Oil at the beginning of the century; having been the main shareholder in the most successful U.S. oil company, Amerasia; and having merged its other U.S. and Canadian oil interests into Ashland in 1968, with whom it participated subsequently in North Sea exploration. Thus it has a long and distinguished history in the oil business here and abroad.

Roland C. Shaw, Premier Consolidated Oilfields, 23, Lower Belgrave Street, SW1.

### Imports of textiles

From the General Secretary, National Union of Tailors and Garment Workers

Sir—E. Ira Brown of the British Importers Confederation (August 5) expresses sympathy for the plight of the nli-importing developing countries while defending increasing imports against the recession deepens. Mr. Brown indicates that, as a trading nation, the UK must trade its way out of the present recession. Trading is a two-way operation, he says. This is indeed true. And it is because of distortions in two-way trade that the UK clothing industry is in its present difficult situation.

Since September last, 20,000 jobs have been lost in the industry. A further 30,000 workers are on short-time. While much of this decline can be attributed to the misguided monetarist economic approach of the

Government, the impact of low cost imports cannot be ignored. During 1979, imports of the most sensitive categories of garments increased at an alarming rate.

The UK has a substantial surplus in its balance of trade with the developing world. This gives rise to frequent suggestions that we must open up our markets even more to textile and clothing imports. This argument, however, ignores the reality of our trade in manufactures with developing countries.

The truth of the matter is that a general overview of UK trade with the developing world hides the distortion created by trade between the UK and the three major textile and clothing supplying countries—Hong Kong, South Korea and Taiwan.

Total imports of manufactures from these three countries in 1979 totalled just over £1.1bn, against manufactured imports from all developing countries of only £3bn. Exports of UK manufactured goods to the developing world totalled more than £8bn, but of these Hong Kong, South Korea and Taiwan accounted for only £635m.

Accordingly, it can be seen that these three countries alone, which by no stretch of the imagination can be described as struggling, emerging nations, accounted for over 37 per cent of the United Kingdom's manufactured imports from low-cost sources, but in turn took less than 8 per cent of our exports of manufactured goods to developing countries. So much for trade being a two-way operation.

As far as international trade is concerned, these three countries must either open up their markets for UK products, or must curtail their own exports of textiles and clothing, in order to provide a greater share of the market for the truly developing countries.

As the situation stands at present, nearly all of the benefits of international trade in textiles and clothing are accruing to a limited number of "get-rich-quick" merchants operating as middlemen and to a few nations which still have undeserved developing country status. The trading activities of these countries damage not only the economies of the industrialised world, but also inhibit and retard development in the very poorest nations.

It is for this reason that the international trade union movement insists that there must be a degree of stability through progressive and balanced industrialisation. This implies an outright rejection of the practice of concentration of efforts on the development of a single industry sector. In addition, it implies that development is not an end in itself. It must be a vehicle for real advance in the living standards of workers and indeed of the whole population of the developing countries. Only in this way can it lead to the creation of larger domestic markets, thereby increasing overall trade.

Alec Smith, National Union of Tailors and Garment Workers, Radlett House, West Hill, Aspley Guise, Milton Keynes.

### GENERAL

UK: Ulster full-time firemen take industrial action over 49 unfulfilled vacancies.

American rock musical Hair begins national tour at Churchill Theatre, Bromley (until August 30).

British Music Fair, Olympia (until August 23).

The Medical Women's International Association Diamond Jubilee Congress, Metropole Hotel, Birmingham (until August 23).

The Piano and Electronic Organ trade fair, Coynaght Rooms, London (until August 20).

## Today's Events

Edinburgh International Festival (until September 6).

International Symposia and Exhibition—MICRO 80 opens (microscopy), Metropole Exhibition Centre, Brighton (until August 22).

International Festival of Sound (hi-fi trade fair), Harrogate (until August 18).

Official Statistics: Central Statistical Office provides a second quarter preliminary estimate of gross domestic product based on output data. Department of Trade pub-

lishes the balance of payments current account and overseas trade figures for July; and provisional July figures of retail sales.

COMPANY MEETINGS: See Financial Diary on Page 19.

COMPANY MEETINGS: Final dividends: County and District Properties, Denbyware, English Association of American Bond and Shareholders, Samuel Heath and Sons, R. P. Martin, Vibroplant, Interim dividends: Blagden and Noakes (Holdings).

Conder International. Royal Insurance. W. N. Sharpe Holdings.

CRICKET: Lancashire v Australians, at Old Trafford. Scotland v Ireland, at Coatbridge.

LUNCHTIME MUSIC, London: Piano recital by Stephen Reynolds, St. Lawrence Jewry, 1.0 pm.

Organ recital by Jonathan Renkert, St. Michael's, Cornhill, 1.0 pm. Recital by Julian Clarkson (counter-tenor) and Richard Lyne (organ), St. Anne and St. Agnes, 1.10 pm.

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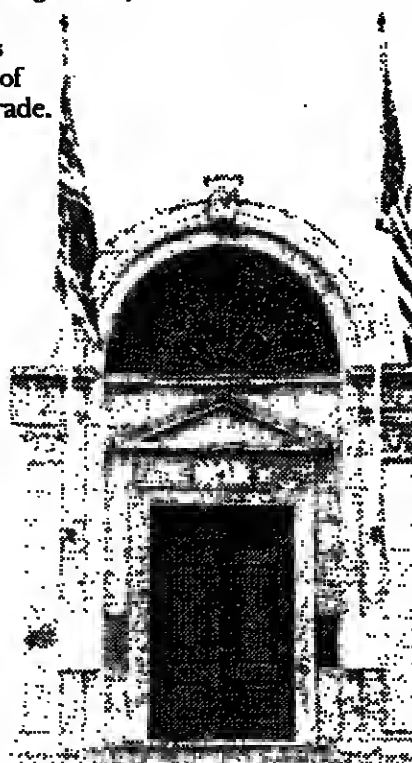
It is actively involved in corporate lending, export-import financing, Euro-currency participations, leasing, cash management, corporate trust and investment management services.

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## WORLD STOCK MARKETS

Low	Aug. 15
9.20	Cheung Kong
1.84	Costco Retail
5.00	Cross Harbour
4.85	Eastn Asia Rev.
80.00	Hong Sang Bank
5.05	Hk Electric
55.00	HK Kowloon Wh
9.00	HK Land
11.20	HK Telecom Pk
21.74	HK Telephone
6.70	Hutchinson Wpa
11.74	Jardine Math
1.10	New World Dev
3.28	S'sam Trust Gx
2.57	SHK Propse
1.90	Sin Hing
4.27	Wheel'K Mand A
4.30	Wheel'K Mart's

Low	Aug. 15
614	Alnomoto

490 Brigidstone  
499 Canon  
510 Chizen  
511 Chizen  
517 OKIDO  
480 Dai Nippon Etc  
475 Dai Nippon Etc  
217 Daiwa Seiki  
498 Ebata  
494 Elmi  
470 Elmi  
457 Fuji Film  
742 Fujisawa  
475 Fujiwara  
1,510 Green Cross  
490 Haasegawa  
455 Iwaki R East  
251 Imai  
492 Hitachi Koki  
634 Honda  
700 Honda Food  
550 Honda  
322 Itoh (C)  
218 Itoh (H)  
400 Iwano  
590 JAGOS  
6,300 JAL  
450 Kase  
268 Kama  
470 Kao Soap  
450 Kawasaki  
350 Kitomasa  
465 Kirin  
475 Kokuyo  
810 Komatsu Pitt  
408 Konoshiba  
455 Kono  
435 Kuraagi  
2,900 Kyojima Ceramic  
438 Kyojima  
440 Meida Co  
056 Maeda  
300 Marubishi  
438 Matsuda

[illegible]

**AFRICA**

Low Aug. 15

2.65 Abercom  
6.45 AE & Cl  
12.30 Angle Am. Cp  
60 Angle Am. Gold  
22.75 Van Rand  
30.00 Buffelo  
64.00 CNA Investa  
1.30 Currita Finance  
1.65 Pe Soors  
22.75 East Drie  
48.00 FS Geduld  
66.50 Gold Fields SA  
5.53 Highveld Steel  
25.00 Helleto  
5.00 Hloof  
5.00 Hedsbank  
12.50 OK Bazaars  
2.55 Protea Blonds  
25.00 Rembrandt  
5.65 Rennie  
4.90 Rust Plant  
2.25 Sage Hilda

1.40 Sprint	1.40 Sprint
1.40 Snet	1.40 Snet
1.50 Sprint Oaks	1.50 Sprint Oaks
1.68 Unisec	1.68 Unisec

**Financial Rand US\$**  
(Discount of 37%)

0	Aug. 16
Low	
1.09 Aesata	
B.45 Banco Brazil	
1.43 Banco Itaw	
1.90 Belgio. Mue	
1.40 Lojas Amer	
1.27 Petrobras PP	
1.00 Pirati OP	
2.55 Souza Cruz	
4.80 Unip PE	
2.23 Viao Rio Docs	

**NY** Prices - C  
Company Aug. 17  
1990

Insurance	809
ami Israel	884
holding	793
aelim, Br.	582
ahk. Israel Br.	—
ahd Bank	665
Insurance Br.	856
Bank Br.	1,300
Isrl. Mt. Bk.	665
elopment	—
Inv. 1210	544
id Day	842
and Building	887
ity	541
etric Corp.	2,524
ty Companies	542
mi Invest.	386
lateral Invest.	386
Invest.	541
ed and	—
al	—
Tire & Rubber	2,524
	542
Textile Br.	386
	386

.....	523	+
.....	1,237	+
.....	1,801	+
Oil.....	576	+
Bank Loans to Israel		

ish prices, Page 10

---Prices on this page are on the individual market and traded prices of DOW and its subsidiaries in the states, in the oil.

100



# Thief-stops cut premiums

BY OUR INSURANCE CORRESPONDENT

FREQUENTLY, as pre-requisite to providing cover against loss through crime, insurers insist on the installation of various anti-theft devices or the employment of security organisations to protect premises or to carry money or valuables. Where there is no stipulation, commercial policyholders may be able to reduce premiums by agreeing to improve security.

For the policyholder, just as much as for insurers, there is no purpose in employing a security company that has no regard to its own internal security, no regard for the integrity of its employees and no regard for the quality of the products it makes or installs. High standards are essential.

Fortunately, British security companies are conscious of their obligations. Thirteen years ago, several decided to form a trade association—the British Security Industry Association—and this new representative body has since then represented about 90 per cent of the volume of turnover of the British security industry. There are 75 member-companies, divided by the services they offer, into five groups—alarm

manufacturers, alarm systems (the installers), guard and patrol, safe and lock, and transport.

The BSIA has issued a leaflet dealing with the guard and patrol services offered by members, and this shows how strict members must now be in screening prospective employees. Screening costs time and money—but there are no short cuts, since from the customer's viewpoint, the acid test of a security company's worth is the quality and character of its employees.

Screening now has to cover a 20-year period, and a minimum of ten years should be covered before the prospective employee is taken on probation. His probationary period should not last more than four months, and during that time the full 20 years' screening should be completed. This screening procedure must be carried out, whatever the prospective employee's previous job, and even if he has been employed by another BSIA member.

All the screening in the world does not prevent an employee, once he is in the company, from

giving way to criminal temptations. Consequently, supervision of a high quality is required at all times, if possible to spot in advance those employees who may be becoming security risks.

Beyond screening and supervision, as is now customary with most trade associations, there is a rule that each company must have proper liability insurance cover for the protection of customers.

If the company has done its screening properly, and exercised adequate supervision, the customer may find it difficult to sue the security company for negligence. Moreover, the security company may be able to protect its position by contractual exclusions of the kind considered recently by the House of Lords in *Photo Production v Securicor Transport*, the provisions of the Unfair Contract Terms Act notwithstanding.

Here, as elsewhere, the requirement of liability insurance only ensures the payment of compensation if the law fixes the alleged wrongdoer with liability.

## BUSINESSMAN'S DIARY

### UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Music Fair (01-855 9201) (until Aug. 23)	Olympia
Current	The Piano and Electronic Organ Trade Fair (01-428 1690) (until Aug. 20)	The Connaught Rooms, London, WC2
Aug. 20-23	Ideal Home and Trade Exhibition (06333 64538)	Leisure Centre, Pontypool
Aug. 20-23	Modern Homes Exhibition (0253 54676)	Guildhall, Preston
Aug. 22-25	Trade and Entertainment Exhibition (0689 36431)	Moat Park, Maidstone
Aug. 22-25	International Motor Cycle Exhibition (0203 37427)	Earls Court
Aug. 31-Sept. 4	Giftware and Fashion Accessories Fair (06833 4371)	Bristol Exhibition Centre
Sept. 1-4	International Watch, Jewellery and Silver Trades Fair (01-837 3636)	Earls Court
Sept. 1-4	International Environment and Safety Exhibition and Conference (0727 5574)	Wembley Conference Centre
Sept. 1-5	London Nursing Exhibition and Conference (01-643 8040)	Royal Festival Hall
Sept. 2-5	International Carpet Fair (021-705 6707)	Harrogate
Sept. 7-12	International Hardware Trades Fair (0727 63213)	Olympia
Sept. 9-11	Laboratory '80 (0799 28612)	Grosvenor House, W1
Sept. 9-20	Chelsea Antiques Fair (0727 56069)	Chelsea Town Hall
Sept. 11-19	International Printing Machinery and Allied Trades Exhibition (021-705 6707)	National Exhibition Centre, Birmingham
Sept. 14-17	MAB '80 International Menswear Fair (01-839 5041)	Earls Court

### OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 19-Sept. 4	International Fisheries Fair	Oslo
Aug. 19-Sept. 4	International Exhibition of Agriculture and Food Industry—OMECE	Budapest
Aug. 20-24	International Fair	Izmir
Aug. 22-24	Wellington Home Show	Wellington, New Zealand
Aug. 23-27	World Woodworking Exposition	Atlanta
Aug. 25-29	Offshore North Sea Technological Conference and Exhibition	Stavanger
Aug. 30-Sept. 3	International Bridge and Structural Engineering Exhibition	Vienna
Sept. 4-9	Jewellery, Gold, Silver, Clocks and Gifts Exhibition—BIJORHEA	Paris
Sept. 6-9	Ready-to-Wear Women's Clothing Fair (01-439 3964)	Paris
Sept. 6-9	International Leather Week (01-439 3964)	Brno
Sept. 10-15	International Engineering Fair (01-278 0281)	Zagreb
Sept. 12-21	International Autumn Fair (01-439 1951)	Basle
Sept. 15-20	International Tunnelling Industries Exhibition and Conference—EUROTUNNEL (0727 63213)	Paris
Sept. 17-26	International Office Equipment Exhibition—SICOB (01-439 3964)	Paris
Sept. 18-Sept. 23	International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECZNIKA (01-734 0543)	Frankfurt
Sept. 19-24	International Food Industry and Non-Food Products Exhibition—IKOFA (01-495 1951)	Munich

### BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	Bedco: Overseas Training Officers Programme (01-636 6361) (until Oct. 24)	Oxford
Current	Unitar: Western Office. The 1980 International Symposium on Solar Energy Utilization (until Aug. 24)	Ontario, Canada
Current	CEI: International Financial Management Seminar (until Aug. 22)	Geneva
Aug. 18-19	The British Institute of International and Comparative Law: Multinational Corporations and the International Law Standard (01-636 6302)	Royal Garden Hotel, W8
Aug. 20-23	FT Conference: Aerospace into the Eighties and Beyond (01-621 1355)	Royal Lancaster Hotel, W2
Aug. 26-29	BIM: Rapid and Efficient Reading (01-405 3456)	Parker Street, WC2
Sept. 1-3	Brunei Institute of Organisation and Social Studies: Understanding Production for non-production managers (0639 5641)	Uxbridge
Sept. 3	Cyril Aydon Associates: Current Cost Accounting—the New Standard (seminar for financial specialists only—Banbury 720124)	Stretford-on-Avon
Sept. 4-5	FT Conference: The new Sri Lanka—Opportunities for Business (01-621 1355)	Colombo
Sept. 7-12	European Marketing Association: Marketing Management (021 742 4141)	University of Birmingham
Sept. 8-12	IPM: The Work of the Personnel Department (01-287 2844)	Embassy Hotel, W2
Sept. 10-12	BCPA: Complete Course for Personnel Officers (01-405 1023)	Southampton Row, WC1
Sept. 11	South Glamorgan Institute of Higher Education: Financial Futures—The Cardiff Seminar (0222 493121)	Cardiff Castle
Sept. 15-16	FT Conference: Developing the Annual Company Report (01-621 1355)	Savoy Hotel, WC1
Sept. 16	The Henley Centre for Forecasting: The Demanding Consumer of the '80's (01-358 9961)	London Press Centre
Sept. 17	IFS: Successful Trading in Commodities, Money and Foreign Exchange (0980 37711)	Great Western Royal Hotel, W2
Sept. 22-23	IPM: Methods in Interpersonal Skills Training (02983 344)	Horsham, Sussex
Sept. 24	ESC: The Profitable Exploitation of Micro-processors in Instrumentation and Control (067282 2711)	Gloicester Hotel, SW7
Sept. 25-26	AMR International: Its about time management (01-262 2732)	Portman Hotel, W1
Sept. 25	Institute of Management Services: Energy Saving in Transport and Distribution (01-363 7452)	St. Ermin's Hotel, SW1
Sept. 28-Oct. 3	AMD: Export Management (Windor 56047)	St. John's College, Oxford
Sept. 29-30	AMR International: Positive Discipline (01-262 2732)	Cafe Royal, W1
Sept. 29-Oct. 2	Calus: Cost Engineering (0734 861101)	

## Financial Times Conferences

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Savoy Hotel, London 15 and 16 September, 1980

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## APPOINTMENTS

### Anglo-American senior posts

THREE NEW directors have been appointed to the Board of the ANGLO-AMERICAN CORPORATION, Johannesburg. They are Dr. J. G. van der Elst, Dr. A. L. Vilakazi and Mr. C. J. Saunders.

Dr. van der Elst is chairman of the South African Mutual Life Assurance Society, the Mutual Federal Insurance Company, and several other companies, and on the Boards of many other companies, including SA Breweries, the Nedbank Group and the SA Permanent Building Society. Mr. Saunders is chairman of the Tongaat Group and Hulets Corporation and their subsidiary companies, and is director of the Standard Bank of South Africa and other companies. He is a member of the South African Prime Minister's Economic Advisory Council. Dr. Vilakazi is director of the KwaZulu Documentation and Research Centre at the University of Zululand.

Mr. L. C. Taylor has been appointed as marine underwriter to GEORGE MILLER & CO. WRITING AGENCIES' new marine syndicate No. 527 and will commence underwriting for the 1981 underwriting account. Mr. F. S. Mallett will be joining the company as Mr. Taylor's deputy.

Mr. Alan Bartlett, formerly of the National Coal Board, has joined COYOTE BANK as a fund manager, investment division.

Mr. Arthur E. Milton has been appointed general manager—Europe at NORTON CHEMICAL PROCESS PRODUCTS (EUROPE).

Following the retirement of Mr. Richard Mills as deputy director of the UK and Commonwealth branch, the CALOUSTE GULBENKIAN FOUNDATION has appointed Mr. Paul Curcio.

Mr. Peter Roberts has been appointed an executive director of GRAY DAWES BANK. He was an assistant regional director with Midland Bank.

Mr. Bob Moore has been appointed assistant regional general manager of the City of London regional head office of LLOYDS BANK.

JAMES FINLAY AND CO. states that Mr. R. J. K. Muir has been appointed to the Board.

Mr. Tony Drazat, company secretary to the Talking Pictures Group, has been appointed to the Board of PICTURES LIMITED.

Mr. Graham Turner has been appointed regional secretary of the south western region of the CENTRAL ELECTRICITY

GENERATING BOARD. He succeeds Mr. Mike Carney, who has become personal manager of the Board's Midlands region. Mr. Turner will join the region from September 1.

At the SCOTTISH EASTERN INVESTMENT TRUST Mr. Norman Lessels has been appointed to the Board.

Mr. E. Welsh, formerly local director of Smith's Dock, Middleborough-based shipbuilding and repair yard, has been appointed production director of SUNDERLAND SHIPBUILDERS, whose company secretary Mr. F. E. Boyd, has also been appointed to the Board.

Mr. G. Y. Nisbet, a deputy managing director of the gold mining of Anglo American Corporation of South Africa, has been appointed to the Board of the JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY from October 1. Mr. Nisbet will move to Johannesburg, where he will become managing director of the gold division.

T. H. DIXON AND COMPANY states that Mr. W. Toome has been appointed manufacturing director and Mr. D. Ball technical and marketing director with overall responsibility for sales and engineering.

Mr. Jeremy Taylor has joined the Board of ATV MIDLANDS and has moved to Nottingham as general manager for the East Midlands. He will be responsible for setting up the proposed 200m studio complex in the East Midlands in the new franchise period.

Mr. G. T. M. Hinds has been elected to the Board of MILES LABORATORIES.

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concern interim or final. The sub-divisions shown below are based mainly on last year's timetable.

<b>TODAY</b> <b>COARO MEETINGS—</b> Flinders Country and District Properties Denbury Gulfstream Assoc. American Bond and Shareholders Gulfstream Imperial Platinum Martin (R. J.) Virtuella Interiors Baynes (Charles) Bridgen and Nokes Caden International Polar Industries Sherrill (W. N.) <b>DIVIDEND &amp; INTEREST PAYMENTS—</b> Bartons 1.28 Glen 1.28 British-Borneo Carbonylising 1.00 Eucalyptus Pulp Mills 5.25p Glenford Int'l. Tel. Deb. (76-84) 21956 Isuzu Kaiser Aluminum 3.00 Strathgyle Variable Rate Red. 1683 £9.90625	<b>THURSDAY, AUGUST 21</b> <b>COMPANY MEETINGS—</b> London & Midland Industrial, The Port- man Hotel, Park Lane, W. 12.00 International Timber, Tower Hotel, St. James Way, W. 12.00 <b>BOARO MEETINGS—</b> Capital and National Trust Joy Holdings Kennedy Lloyds Meat Trade Suppliers Norman Jaterlines R. J. Trust Jacy (Richard) Deuerys Consolidated Mines Oufay (John) Oufay (John) Lafayette School and Marine Oil Lowell (G. J.) Lafayette School and Trading Smiths and Newbery Tiger Dates and National Milling Woodward <b>DIVIDEND &amp; INTEREST PAYMENTS—</b> Caden 1.28 Great Northern Telegraph (R.R. 54) (R.R. 30) R.R. 8.0 (R.R. 30) R.R. 8.0 British Distillers 0.85p Tosco Petroleum 0.75p	<b>FRIDAY, AUGUST 22</b> <b>COMPANY MEETINGS—</b> Atrial Industries, Dmnia Werks, Mill Rd. Rugby, 12.00 Brownlie, City Sammls, Craighall Rd. Port Dundas, Glasgow 12.00 Lemon, Abbotsford Hotel, Crutwick Rd., Chester, 12.00 McLennan, Russell House, Vernon Place, Wex. 12.00 McLennan, Russell Hotel, Redcliffe Way, Soc. Hurdell 12.00 Bristol 12.00 Hockinson, George Hotel, St. George's Sq., Hurdell 12.00 <b>BOARO MEETINGS—</b> Pine Second Alliance Tel. Interiors A. J. Industrial Products Alliance Tel. Bedford Concrete Machinery Pentland Industries Ward Holdings <b>DIVIDEND &amp; INTEREST PAYMENTS—</b> Anglo-American Sec. 1.3p Bartons 1.28 Barlows of Yorkshire 1.58p Bridgit Th 0.5p Northern Engineering 5.5p Burtonwood Brewery (Forewoods) 2.82p Capital Resources 2.00 Clydesdale (Trawsall) Collieries Units 30cs Coke Sporting War 0.8p Quelley Flawr War 1082 £8.1094 Leeds of Leeds 2.5p Eschequer 12.50p 1984 81uc Capital Resources 2.00 Investment Corr, 25cs Gratulation Entertainment and Finance 7.5cs Imperial Corporation, Cas. Can. 15p Digham Floating Rate 1982 £8.1094 Leeds of Leeds 2.5p Royal Bank of Canada 64cts Eschequer 12.50p 1984 81uc Treasury 15pc 1985 1984 81uc Harris (Phillip) 4.85p Mercurio Hotel Midland Floating Rate Paterson Int'l 1.41p Tosco Petroleum 0.75p Tosco Petroleum
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MINES—Continued

Australian

Stock	Price	Last of	On Oct	Over	TM
Aceron 50c	22	—	—	—	—
ACM 20c	112	—	102 1/2	2 1/2	12
Barrick 1 1/2	113	7 1/2	103 1/2	1 1/2	11 1/2
Bombay 1 1/2	22	—	—	—	—
CRA 50c	29	—	17 1/2	2 1/2	6 1/2
Casta Northwest	21	—	—	—	—
Central Pacific	632 1/4	—	—	—	—
Duke Pacific N	25	—	—	—	—
Empire Corp. 1 1/2	57 1/4	—	—	—	—
Endeavour 20c	25	—	17 1/2	2 1/2	6 1/2
Gold Star 1 1/2	21	—	17 1/2	2 1/2	6 1/2
Great Eastern	25	—	17 1/2	2 1/2	6 1/2
Hampden Assoc. Sp.	45 1/2	—	11 1/2	4 1/2	14
Imperial 1 1/2	25	—	—	—	—
Int. Mining	45	—	—	—	—
Leichardt Expln.	190	—	—	—	—
London 20c	25	—	—	—	—
M.I.M. Higgs 50c	26 1/4	15 1/2	10 1/2	1 1/2	3 1/2
Montreal Exp.	194	—	17 1/2	2 1/2	6 1/2
Montreal 20c	20	—	—	—	—
Nickelone A.I.	195	193 1/2	102 1/2	1 1/2	3 1/2
North B. Hill 50c	85	—	—	—	—
W.H. Kellogg	185	—	—	—	—
N.W. Mining Corp.	142	—	—	—	—
N.W. Mining N.Y.	286	—	7 1/2	1 1/2	3 1/2
Ontario 50c	210	—	—	—	—
Pacific Copper	370	—	—	—	—
Pancon 1 1/2	210	—	—	—	—
Piedmont 50c	210	—	—	—	—
Piedmont 50c	440	12 1/2	107 1/2	1 1/2	3 1/2
Scholar 50c	112 1/4	—	—	—	—
Shasta Pacific	92	—	—	—	—
Shasta Resources 20c	92	—	—	—	—
Shasta 20c	304	10 1/2	107 1/2	1 1/2	3 1/2
West. Mining 50c	304	10 1/2	107 1/2	1 1/2	3 1/2
Westpac	30	—	—	—	—
York Resources	30	—	—	—	—

TINS

Amal Nigeria 1 1/2	36	—	16 1/2	—	10 1/2
Ayer-Hinton S.M.I.	315	10 1/2	102 1/2	1 1/2	3 1/2
Barrick 1 1/2	245	21 1/2	103 1/2	1 1/2	7 1/2
Berthelium S.M.I.	125	10 1/2	8 1/4	1 1/2	7 1/2
Copper	125	10 1/2	8 1/4	1 1/2	7 1/2
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## MPs in clash on Scottish trade

A COMMITTEE of MPs is likely to recommend in a report that could be embarrassing for the Government that the Scottish Development Agency be deprived of its responsibility for seeking industrial investment from abroad.

The Select Committee on Scottish Affairs has been investigating the effectiveness of overseas promotion and has been particularly concerned about the number of important industrial projects lost to the Irish Republic in recent years.

The six Labour members of the committee argued that the answer was to strengthen the Agency to make it more competitive with the Irish Industrial Development Authority.

But they were outvoted by the seven Conservative MPs who believe that the Agency should drop its overseas promotional role, which should instead be carried out by the Department of Industry's Invest in Britain Bureau.

In particular they want the Agency's offices in New York, San Francisco and Brussels to be closed and their functions passed to the respective British Consulates.

Although there is some sympathy among Ministers for the views of the Conservatives on the committee the Scottish Industry Minister, Mr. Alex Fletcher, recently gave the Agency a public commitment that it would retain its overseas responsibility and he able to keep open its offices for at least a year.

The Agency is making no statement until after the report is published, probably at the end of the month. But it is thought to be ready to fight to retain its overseas representation, which it feels is amply justified by its cost.

The New York Office, the first to be opened a year ago, has more than doubled the visits to Scotland by U.S. industrialists looking at potential sites for projects, and has lined up a number of investments which are about to come to fruition.

## French reactor fee call sets Government problem

BY DAVID FISHLOCK, SCIENCE EDITOR

A FRENCH proposal for collaboration between Britain and France in development of a 1,500 MW commercial fast-breeder reactor has presented a major headache for the Government.

As part of the deal the French want an entry fee, believed to be of the order of £20m-£25m.

They seek to justify this by saying that Britain will have access not only to the technology of the 1,200 MW Superphenix FBR, under construction in the South of France, but also plans for the more advanced Superphenix 2 reactor, expected to produce electricity about one-third cheaper.

The Government told Sir John Hill, its chief nuclear adviser last year to explore possibilities for overseas collaboration following visits by Mrs. Margaret Thatcher in both Superphenix and Britain's 250 MW prototype fast reactor at Dounreay.

Of several possibilities for collaboration, one with the French has certain advantages.

The two countries' FBR technologies are very similar, and Britain already has a small stake in Superphenix, through a 2.5 per cent investment by the Central Electricity Generating Board.

Superphenix is being built as a three-nation project by the electricity industries of France, Italy and West Germany. Belgium and Holland are also involved in the technologies through their shareholdings in the prototype FBR under construction in Germany.

France plans to order six Superphenix 2 reactors of identical design in three pairs at 18-month intervals, starting in 1985.

The French proposal to Britain, discussed recently between Mr. David Howell, the Energy Secretary, and Mr. Andre Giraud, the French Industry Minister, covers all phases of research, design and manufacture of FBRs by these five nations.

The idea would be to ensure

that British designs for the UK's first big FBR allied closely with the designs for Superphenix 2.

It would involve creation of a new nuclear company as a subsidiary of the National Nuclear Corporation to act as counterpart to the five-nation company Sereda, which holds the licence to all Superphenix FBR technology. In discussions the proposed British company has been called "Faslech".

The French proposition likely to cause the Government the greatest difficulty, however, will be to justify paying a lump sum to the French for access to their technology. Successive British Governments have maintained that Britain remains at the forefront of FBR technology.

Opponents of nuclear energy would see such a payment for the FBR as an opportunity to mount a major attack on the Government's nuclear energy programme generally.

France courts Britain, Page 15

## Steel chairman's latest plan may mean wider job losses

BY ALAN PIKE

PROPOSALS for arresting the severe financial losses of the British Steel Corporation which may involve further job losses are about to be presented to Sir Keith Joseph, the Industry Secretary, by Mr. Ian MacGregor, BSC's chairman.

Mr. MacGregor has been conducting a wide-ranging review of BSC's problems and prospects since becoming chairman at the beginning of July.

This is nearing completion. Mr. MacGregor is expected to outline his findings to colleagues on the BSC board shortly, and present the review to Sir Keith either at the end of this month or the beginning of next.

The review includes an examination of BSC's capacity requirements in the depressed steel market. There are deep fears in steelmaking areas that it will lead to still further re-

trenchment and redundancies. Output from the steel industry, public and private, last month was 27.8 per cent down on July 1979.

BSC, partly because of the national steel strike last winter, lost £545m last year in addition to £1,239m write-down of fixed assets and closure and redundancy costs.

Sir Keith has accepted that the corporation will not keep within the Government's original funding limit for the current financial year, but insists on early action to bring its finances under control.

Mr. MacGregor will meet union leaders next week. They will again plead for a reprieve for Consett steelworks, Co. Durham, due to close next month with loss of 3,700 jobs.

So far as BSC is concerned, however, the meeting will be

to discuss future strategy. The corporation regards the decision to close Consett as firm and unavoidable, despite the acknowledged social problems which it will cause.

It is considered unlikely that suggestions of possible private buyers being interested in the plant will come to fruition.

BSC has dropped its legal action seeking to force Granada Television to name an informant who provided it with confidential corporation documents during the steel strike.

The corporation said in a statement that its own inquiries had been fruitful, and it had reached a conclusion on the identity of the source—a person who was no longer an employee. Granada had been subject to a court order to name the source, but said that as a company it did not know it.

## Boilermakers union seeks merger with electricians

BY NICK GARNETT

THE EXECUTIVE of the 120,000-strong Boilermakers' union is to seek merger negotiations with the Electrical and Plumbers Trades Union and its 450,000 members. An official mandate to begin detail negotiations has been given.

Such negotiations reflect the growing financial and structural pressures on unions. They are also in line with pressure quietly exerted by the TUC whose officials have, in the past few months, repeated that the multiplicity of unions is not helping to improve industrial relations.

The increasingly bitter inter-union dispute at the Isle of Grain, however, whose repercussions are likely to come to a head within the next few months, is tending to pull the movement in the opposite direction.

The electricians have set up a joint working party with the General and Municipal Workers' Union, and the white collar union, APEX, to look at the possibility of a merger between the three.

The former two unions are at each others' throats over the Isle of Grain and this has been sapping willingness to press ahead with the talks.

There is also a possibility that the EETPU will face expulsion from the TUC if the Isle of Grain dispute is not resolved. Such an expulsion would cer-

tainly affect merger negotiations with the boilermakers.

The boilermakers' conference two years ago rejected their executive's recommendation and turned down merger proposals with the General and Municipal, largely because the latter is a general and not a craft union.

Mr. John Chalmers, the boilermakers' general secretary said yesterday that his executive had approached the electricians because of their craft status and the similarities both in procedures and their lay delegate conferences.

In general it was difficult for small and medium sized unions to meet the burdens of research, educational and organisational overheads. Overheads were "quite unbearable," said Mr. Chalmers.

Leaders of the boilermakers are still in tentative discussions with the General and Municipal and the Amalgamated Union of Engineering Workers, but they do not like the smallness of the latter's national committee.

The EETPU, has been absorbing smaller unions in a structure which allows them industrial autonomy. This is also an attraction to the boilermakers.

The philosophy of Mr. Frank Chapple, general secretary of the EETPU is that unions of his size have to expand to survive. More Labour news, Page 4

## Germans have doubts on British teletext system

BY ELAINE WILLIAMS

WEST GERMANY, which has carried out tests of British designed teletext and Prestel videotext information systems for two years, is considering switching to rival French systems.

Earlier this month, CBS, one of the three major U.S. television networks, declared its preference for the French teletext system, known as Antiope, over the British. However, a poll taken by the Electronics Industries Association in an effort to establish a U.S. standard failed to produce a required majority for the British, French or a similar Canadian system.

Teletext is a method of transmitting "pages" of information using television broadcast transmissions, while videotext transmits information stored in a computerised data base across telephone lines and displays it on a television screen. Both systems need special receivers.

Only two months ago, major market trials of the British systems were started in Berlin and Dusseldorf involving 6,000 users to assess the market potential.

At present, Antiope is being operated on an experimental basis only, for selected audiences in Paris and Rennes. France's videotext system, Teletel, is also under development.

The Bundespost, the West German Federal Post Office, is attracted by the French system's superior graphics facility but also likes the relative simplicity of the British systems.

As a result it has decided to keep its options open and will take at least two years to decide which of the two systems it prefers. Designers of Prestel have shown that they will be able to improve the graphics facility, but this will not be available on the system for about five years.

The simpler British technology is at a more advanced stage of development and is cheaper than the French systems. British manufacturers have started in mass-produce the integrated circuits—silicon chips—needed to bring down the cost of receivers for sale to the general public.

Recently the French Government contracted Texas Instruments' French subsidiary and EFCIS, the partly State-owned silicon chip maker, to build circuits for the Antiope system.

The British subsidiary of Texas Instruments already makes circuits for the British rivals—although it did have problems initially in producing them in sufficient quantities to satisfy the expected market.

In Britain, there are about 5,000 users of the public Prestel system. It has been estimated that between 15,000 and 20,000 receivers will be connected by the end of the year, although this falls short of the 50,000 originally intended.

Other countries which have adopted the British systems include the Netherlands and Switzerland.

## Anti-trust shipping inquiry mounted

By Paul Cheeseright

Justice has mounted an anti-trust investigation into the liner conferences operating between Australia, New Zealand and the U.S.

The investigation could seriously damage the operations of ACT (A) and Bank and Savill, two UK groups which account for over a fifth of the traffic which earns them about £70m a year.

Other companies involved include Colman Lines of West Germany, Farrell Lines of the U.S., Atlantic Line of Sweden, the Australian National Line and the Shipping Corporation of New Zealand.

A liner conference is a group of shipping companies acting in concert on certain specified routes to fix rates and scheduling.

U.S. inquiries are at an early stage but documents have been demanded from the companies related to their pricing arrangements, their merchant dealings, an other relations with non-conference lines.

The first stages of the investigation seem to be following the pattern of an earlier Department of Justice inquiry into the North Atlantic trade, which resulted in several companies being fined heavily.

Australian, New Zealand and UK official circles fear the present investigation could lead eventually, like the North Atlantic case, to a series of civil actions, seeking punitive damages.

The U.S. move has already created a "front" among U.S. trading partners aimed at blocking attempts by the U.S. to extend its anti-trust jurisdiction outside its borders. New Zealand has just joined Australia and the UK in passing legislation to restrict the flow of information to the U.S. on anti-trust matters.

The shipping case was raised in Washington when Senator Peter Durack, the Australian Attorney-General, met his U.S. counterpart, Mr. Benjamin Civiletti. But both sides sought to reduce the rising tension with an agreement that the two countries needed joint action to resolve anti-trust disputes.

This meeting was the latest in a series of diplomatic exchanges, which have included talks in Washington between Australian, New Zealand and UK officials. Part of the Australian resentment comes from the fact that the U.S. was slow in making known its intentions to investigate the conference activities.

The initiative for an investigation seems to have come from independent shipping companies and freight forwarders making complaints to the Department of Justice.

## Weather

UK TODAY

BRIGHT, cool, some showers. London, S.E. Midlands. Sunny periods, showers. Max. 21C (70F).

Rest of England, Wales Isle of Man, Channel Isles, N. Ireland. Sunny periods, some heavy rain. Max. 20C (68F).

Scotland. Thundery rain, sunny intervals. Max. 17C (63F).

Outlook: Mostly dry, sunny periods, some showers in East.

WORLDWIDE

Y day	Y day	Y day	Y day
midday	midday	midday	midday
°C	°C	°C	°C
Algeria S 26 78	Algeria S 26 78	Algeria S 26 78	Algeria S 26 78
Algiers S 28 82	Algiers S 28 82	Algiers S 28 82	Algiers S 28 82
Amman S 22 72	Amman S 22 72	Amman S 22 72	Amman S 22 72
Athens S 28 82	Athens S 28 82	Athens S 28 82	Athens S 28 82
Batavia S 26 78	Batavia S 26 78	Batavia S 26 78	Batavia S 26 78
Bombay S 29 84	Bombay S 29 84	Bombay S 29 84	Bombay S 29 84
Buenos Aires S 22 72	Buenos Aires S 22 72	Buenos Aires S 22 72	Buenos Aires S 22 72
Calcutta S 23 73	Calcutta S 23 73	Calcutta S 23 73	Calcutta S 23 73
Cairo S 27 81	Cairo S 27 81	Cairo S 27 81	Cairo S 27 81
Canton S 23 73	Canton S 23 73	Canton S 23 73	Canton S 23 73
Cebu S 27 81	Cebu S 27 81	Cebu S 27 81	Cebu S 27 81
Colon S 27 81	Colon S 27 81	Colon S 27 81	Colon S 27 81
Hankow S 27 81	Hankow S 27 81	Hankow S 27 81	Hankow S 27 81
Hong Kong S 27 81	Hong Kong S 27 81	Hong Kong S 27 81	Hong Kong S 27 81
Kobe S 27 81	Kobe S 27 81	Kobe S 27 81	Kobe S 27 81
London S 21 69	London S 21 69	London S 21 69	London S 21 69
Lyons S 21 69	Lyons S 21 69	Lyons S 21 69	Lyons S 21 69
Manila S 27 81	Manila S 27 81	Manila S 27 81	Manila S 27 81
Medan S 27 81	Medan S 27 81	Medan S 27 81	Medan S 27 81
Perth S 27 81	Perth S 27 81	Perth S 27 81	Perth S 27 81
Rangoon S 27 81	Rangoon S 27 81	Rangoon S 27 81	Rangoon S 27 81
Shanghai S 27 81	Shanghai S 27 81	Shanghai S 27 81	Shanghai S 27 81
Singapore S 27 81	Singapore S 27 81	Singapore S 27 81	Singapore S 27 81
Sourabaya S 27 81	Sourabaya S 27 81	Sourabaya S 27 81	Sourabaya S 27 81
Taipei S 27 81	Taipei S 27 81	Taipei S 27 81	Taipei S 27 81
Tokyo S 27 81	Tokyo S 27 81	Tokyo S 27 81	Tokyo S 27 81
Yokohama S 27 81	Yokohama S 27 81	Yokohama S 27 81	Yokohama S 27 81

## THE LEX COLUMN

# Equity funds from the clearers

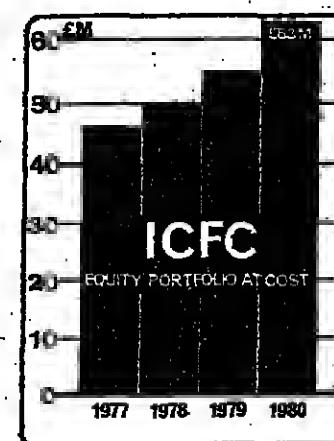
WITH surprisingly few fan-fares, an important new source of equity-type finance is becoming available to small and medium sized businesses. One by one the main clearing banks are moving into an activity which has until now been confined largely to the Industrial and Commercial Finance Corporation (ICFC) and a handful of City institutions.

Midland, Barclays and NatWest are now all offering venture capital schemes, up to about £50,000, as well as various types of development capital ranging up to as much as £1m and more. Lloyds, the odd man out, says that it is "actively considering" the matter.

The development capital investments are larger, and are going into more established businesses. As a result all three clearers expect to make a reasonable return in this area, mainly from the running yield during the early years. There are also good competitive reasons for getting into this kind of business which, if it is successful, should broaden the banks' overall range of customers. The banks are strictly limiting their involvement to minority holdings, to ensure that creditors do not get wrong ideas about the extent of their commitment.

The likely scale of demand for venture capital finance will not be clear for some time. To save expenses, these schemes are mostly being initiated and processed at branch level, which means that a lot of effort is going into guiding managers who have been trained to lend on the strength of assets rather than to invest in future prospects. Midland and NatWest both profess to be encouraged by their response to date; they have each made a couple of dozen firm offers so far, and NatWest thinks it could be making maybe 20 such investments a month once its scheme goes national.

Larger scale. Further up the scale, in the development capital investments, the clearers face a lot more competition from other would-be investors like the merchant banks and pension funds as well as ICFC. Midland admits to being disappointed with the progress of Moracrest, which was set up in 1977 together with British Gas pension fund and the Pru with capital



backing of £15m. It seeks investments of between £200,000 to £500,000, but it has only put out about £5m so far. And its sponsors are now wondering whether they are aiming at the right target.

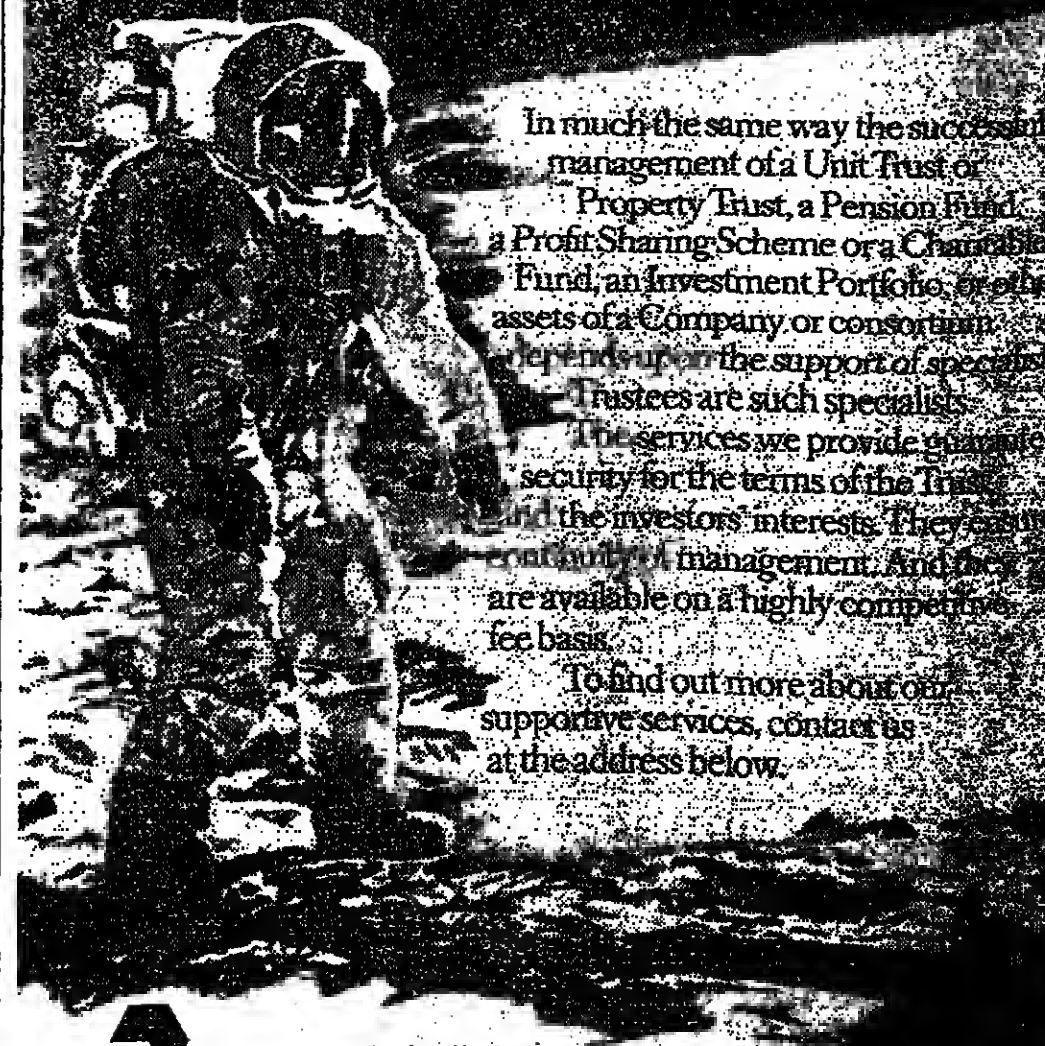
However, the three clearers seem convinced that there is a demand for this kind of finance—Barclays guesses the figure might be about £50m a year—and that they are in an outstanding position to meet it, thanks to their branch network and their names. They are well placed to get a foot in the door first when an existing shareholder in a private company decides to sell out, and roughly half their business at present is coming from secondary issues, as opposed to new share issues. Entrepreneurs who might have gone to the Stock Exchange to cash in their chips ten years ago are now going instead to their local bank.

ICFC's role. This move into equity means that the clearers are now competing at all levels with ICFC, which could in theory be awkward since they together with the Bank of England are the shareholder of ICFC's parent company, Finance for Industry. In the early 1970s, the clearers started to push out medium term finance in a big way, and more recently they have also entered the market for long term fixed rate loans. Now that they are aggressively seeking equity investments as well, ICFC's independent role is not nearly as obvious as it once was.

However, ICFC has an established position with its 18 branches and portfolio of nearly 3,000 investments. And the number of its investments has increased by almost a half in the last three years, so it certainly seems to be finding enough to do. Despite its recent rapid expansion, it does not expect to need any fresh equity from shareholders in the foreseeable future, so the clearers are going to have to decide whether to hand over new money to finance the growth of what is now one of their competitors.

Obviously ICFC is going to meet growing competition in the future. Investment opportunities that a branch manager might have automatically passed its way before are now likely to be shown first to the bank's wholly-owned development capital subsidiaries. But the real heat from this new competition is going to be felt by the independent "merchant" banks. And they do not share ICFC's wholehearted commitment to the business; it has to succeed if it is to survive.

## In 1969 two men walked the surface of the moon alone. It took thousands more to get them there.



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Continued from Page 1

## Ballots cash

asking the TUC to tell newspapers to obey the NUJ Code of Conduct, and not what it calls the "spurious and restrictive" guidelines of the Government's recently-published code of practice on the closed shop.

The Government code, which does not have statutory force, says that trade union membership and Press freedom can be in conflict. It tells unions not to discipline their members for work professionally carried out, and lays emphasis on the need for editors to have final control over content and the freedom not to join unions.

Alleged Press bias against trade unions will also be debated. Three major print unions, SOGAT, the NGA and Natsopa are demanding the right of reply for people who feel they have been misrepresented by the media. Their complaints are an amendment to a NUJ motion setting out its own recipe for curbing bias and strengthening Press freedom.

Of greater political moment will be a debate on the nuclear arms race, stimulated by a revival of interest on the Left of the TUC and of the Labour Party in unilateral disarmament.

A motion from the Transport and General Workers' Union, which is unilateralist in tone, has provoked amendments from no fewer than three Right-wing unions, all seeking to make sure that TUC policy continues to call for mutual reduction in nuclear arsenals. The three are the clerical officers (APEX), the railway white-collar workers (TSSA), and the Engineering Section of the AUEW.

Continued from Page 1

## Howe seeks savers

about the mortgage rate. By reducing the flow of funds to the societies the proposal could delay a fall in the mortgage rate. Some advisers would not regret this as they believe that the present financial structure favours housing at the expense of other investments, notably in industry.

Some officials argue that the adverse impact on the building societies might only be short-lived. A shift in the balance of financing Government borrowing away from the issue of long-dated gilt-edged stocks might revive the corporate bond market and permit a reduction in the general level of interest rates and in time the mortgage rate as well.

Sir Geoffrey Howe recognised the problem of the diversion of

savings in evidence to the Commons Treasury committee last month. He said there was not an endless pool of savings so the impact on the real of the savings market of proposals such as an extension of granny bonds would have to be considered.

## Teachers cut

THE NUMBER of teachers in Lincolnshire will have to fall by 100 this year, said Cllr. Peter Henage, chairman of the county Education Committee. The recent 13 per cent pay award would cost the county £420,000 this year. Cost of employing a teacher was up to £10,000 a year.